

State of California

Fair Political  
Practices Commission

# Resource Directory

And 2000 Annual Report





# California Fair Political Practices Commission

Karen Getman, *Chairman*

Sheridan Downey III, *Commissioner*

Thomas S. Knox, *Commissioner*

Gordana Swanson, *Commissioner*

(As of the date the *Resource Directory and 2000 Annual Report* went to publication, the State Controller had not yet named her appointee for the 2001–2005 term).

## Executive Staff

Wayne Strumpfer, *Executive Director*

Luisa Menchaca, *General Counsel*

Carla Wardlow, Chief, *Technical Assistance Division*

Robert Tribe, Chief, *Administration Division*

Sigrid Bathen, *Media Director*

Mark Krausse, *Government Relations Director*

Jon Matthews, *Associate Editor of Publications*

Sandy Johnson, *Commission Secretary*

## Commission Meetings

Meetings are generally held monthly in the Commission Hearing Room, 428 J Street, 8th Floor, Sacramento. Please contact the Commission Secretary or refer to the Commission web site, [www.fppc.ca.gov](http://www.fppc.ca.gov), to confirm scheduled meeting dates.

Pursuant to Section 11125 of the Bagley-Keene Open Meeting Act, the FPPC is required to give notice of its meetings ten (10) days in advance of the meeting.

To receive a copy of the Commission meeting agenda (free) or a copy of the full meeting packets (\$10/month or \$100/year) contact the Commission at (916) 322-5660. The agenda and packet are also available through the Commission's Fax-on-Demand service at 1-888-622-1151. Additionally, past and future agendas are posted on the web site at [www.fppc.ca.gov](http://www.fppc.ca.gov).

The Fair Political Practices Commission *Resource Directory and 2000 Annual Report* was compiled and edited by the FPPC's Public Education Unit with the generous help and cooperation of other FPPC staff members.



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**Fair Political Practices Commission**  
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**Toll-free Advice Line: 1-866-ASK-FPPC**  
**Fax-on-Demand: 1-888-622-1151**  
**Enforcement Hotline: 1-800-561-1861**



## Letter from the Chairman

This *Resource Guide and Annual Report* is offered to better acquaint Californians with the services and duties of their Fair Political Practices Commission and highlight our major activities and accomplishments in Calendar Year 2000.

The publication describes the structure of the FPPC, the Commission's foundation in the law, and the continuing efforts of commissioners and staff to serve the public, persons regulated under the Political Reform Act and the government.

Detailed information is offered on the many services offered by the 80-employee agency, including how to use our toll-free advice line — 1-866-ASK-FPPC — launched in 2000 with funding provided for the Commission's new Public Education Unit.

Other noted highlights of 2000 include our exhaustive effort to improve and simplify the complex rules governing conflicts of interest under the Political Reform Act, and the implementation of targeted, streamlined enforcement programs.

Much work remains to be done. Urgent challenges for 2001 include further implementation of Proposition 34, the campaign finance ballot measure approved by voters in November 2000. Other staff priorities include expanded outreach and education programs and an ambitious project to improve and simplify campaign reporting requirements and forms.

We invite feedback and comment on all of our endeavors and how we may better serve the state and its residents.



April 2001





## The Commissioners of the California Fair Political Practices Commission

**Commission Chairman Karen Getman**, before her appointment in March 1999, was special counsel with the San Francisco firm of Rogers, Joseph, O'Donnell & Quinn, where she practiced political and election law and business litigation. From 1989 to 1996 she was with Remcho, Johansen & Purcell, specializing in political law and constitutional litigation. Ms. Getman earned her Bachelor of Arts degree from Yale University and graduated *cum laude* from the Harvard Law School, where she was editor-in-chief of the Harvard Women's Law Journal. Ms. Getman was the recipient of a Revson Women's Law and Public Policy Fellowship, and represented pro bono the Congressional Caucus on Women's Issues while an associate at the Washington, D.C. firm of Wilmer, Cutler & Pickering. A Democrat, Ms. Getman was appointed Chairman by Governor Gray Davis. Chairman Getman's term expires January 1, 2003.

**Commissioner Sheridan Downey III** is a former bankruptcy attorney in Oakland and was a law professor at the University of Santa Clara School of Law, teaching courses in debtor/creditor relations, real property, commercial law and legal research and writing. He was a partner in the Oakland firm of Caldecott, Peck and Phillips and of counsel to the firm of Bell, Rosenberg and Hughes. He served three terms on the Alameda County Democratic Central Committee and was a member of the California State Bar Committee on Debtor-Creditor Relations, lecturing frequently to legal aid societies in Northern California. Since 1990, he has been a full time numismatist, dealing in early United States coins, and is a member of the Professional Numismatists Guild. Educated in the Oakland public schools, he received a B.A. in psychology from Stanford University and a law degree from the University of California, Boalt Hall School of Law, where he was a member of the Law Review. He is the grandson of former United States Senator Sheridan Downey (D-Calif., 1938–1950). A Democrat, he was appointed by Attorney General Bill Lockyer. Commissioner Downey's term expires January 31, 2005.

**Commissioner Thomas S. Knox** is a partner with the Sacramento law firm of Knox, Lemmon & Anapolsky, LLP. He is active in community organizations and has served as president of the Family Services Agency of Greater Sacramento, the McGeorge Law School Alumni Association, the Point West Rotary Club and the Active 20-30 Club of Sacramento. He is a member of the Sacramento County Bar Association and the State Bar of California. He received a B.A. from the University of Pennsylvania and a law degree from McGeorge School of Law in Sacramento, where he was associate editor of the *Pacific Law Journal*. He is licensed to practice in the U.S. District Courts for the Northern, Eastern and Central Districts of California, the 9th U.S. Circuit Court of Appeals and the U.S. Supreme Court. Prior to attending law school, he served in Vietnam as a first lieutenant in the U.S. Marine Corps, receiving the Bronze Star. A Republican, he was appointed by Secretary of State Bill Jones. Commissioner Knox's term expires January 31, 2005.

*Current  
Commission  
Members  
(as of March  
30, 2001)*

**Current  
Commission  
Members  
(as of March  
30, 2001)**

**Commissioner Gordana Swanson** was elected to four terms on the Rolling Hills City Council from 1976–1994 and served three times as that city’s mayor. She served three years as director of development for the Toberman Settlement House, a non-profit human services organization. She also was president of the Southern California Rapid Transit District, and served as a director of the American Public Transit Foundation and the South Bay Juvenile Diversion Project. Active in numerous community and women’s organizations, she was the founding president of the National Women’s Political Caucus for the South Bay and served on the board of directors of the California Elected Women’s Association for Education and Research (CEWAER). She attended De Paul University in Chicago, Illinois. A Republican, she was appointed by Governor Gray Davis. Commissioner Swanson’s term expires January 31, 2003.

*Please Note:* As of the date the *Resource Directory and 2000 Annual Report* went to publication, the State Controller had not yet named her appointee for the 2001–2005 term.

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**Other  
Commission  
members  
who served  
during 2000**

**William H. Deaver** served as commissioner from 1997 until January 31, 2001. He is a columnist and writer for the *Tehachapi News* and *Southeast Kern Weekender* newspapers. A former editor and publisher of the *Mojave Desert News*, Deaver has a background that includes experience in journalism, public relations, politics and law enforcement. A Kern County native, Deaver moved to East Kern in 1948 and has lived there off and on since. From 1982 to 1994, he and his wife lived in the Washington, D.C. area where he served as administrative assistant to a California congressman and as business manager and speechwriter for his brother, Michael K. Deaver. He also held appointments in the administrations of Presidents Ronald Reagan and George Bush, serving as special assistant to the administrator of the Federal Railroad Administration and as executive assistant to two assistant secretaries of labor for the Occupational Safety and Health Administration (OSHA). Deaver’s final Washington appointment was as director of legislative affairs, advertising, marketing and public affairs for the U.S. Savings Bonds Division of the Treasury Department. Deaver, a Republican, was appointed by Secretary of State Bill Jones.

**Kathleen Richter Makel** served as commissioner from 1997 until January 31, 2001. She is a litigation attorney in the Sacramento law firm of Taylor & Hooper. She previously served as an attorney with Diepenbrock, Wulff, Plant & Hannegan and as a clerk to California Supreme Court Justice Edward A. Panelli. Makel is a graduate of the University of California at Davis, B.A. in biological sciences and a Juris Doctor degree from the UCD School of Law with honors including Order of the Coif, the American Jurisprudence Award in Torts and the American Jurisprudence Award in Conflict of Laws. Ms. Makel, a Republican, was appointed by Attorney General Dan Lungren.

*Carol D. Scott*, an attorney in private practice in Los Angeles, was appointed to the Commission on May 1, 1996, and was reappointed to a term expiring January 31, 2001. Ms. Scott has served as counsel for several Congressional subcommittees and as a health policy specialist with the Federal Trade Commission. Ms. Scott specializes in health care law, administrative and labor law. Ms. Scott is a graduate of the University of California at Los Angeles, B.A. in history, *summa cum laude* and J.D. from UCLA Law School. She received a Masters degree in Health Care Administration from the Harvard School of Public Health. Ms. Scott, a Democrat, was appointed by State Controller Kathleen Connell.

*Other  
Commission  
members  
who served  
during 2000*

## Highlights of FPPC

### Accomplishments and Activities in 2000

The Fair Political Practices Commission undertook major new programs and activities in every one of its divisions in 2000. Some highlights include:

- **Proposition 34 implementation.** The Commission and its staff began the process of implementing the major campaign law revisions of Proposition 34. This work is continuing in earnest in 2001. The proposition was approved by voters in the November 2000 statewide election. While perhaps best known for its limits on campaign contributions in state races, the proposition also has significant impacts on other areas of the law and campaign reporting requirements.
- **Streamlined enforcement.** The Commission and its Enforcement Division began or completed implementing three expedited enforcement programs in the areas of late contribution reporting, major donor reports and Form 700 Statements of Economic Interests. These expedited procedures made it possible for the Commission to handle a far greater number of reporting violation cases than in past years, and provide proactive outreach and education to help prevent future violations. A new, streamlined enforcement and outreach program targeting unreported late contributions is highly successful. Over \$2 million in unreported late contributions have been identified to date through this program. Key elements of the program are outreach and education, including providing forewarning of when late contribution reporting is required. In total, the Enforcement Division opened 858 enforcement case files in 2000. The Division prosecuted a total of 175 administrative and civil cases. The Commission assessed well over a half-million dollars in administrative and civil fines.
- **Conflict-of-Interest Regulation Improvement Project.** The Commission and its staff completed Phase 2 of a major project to simplify and improve the often-complicated regulations on conflicts of interest. The new and amended regulations approved by the Commission took effect February 1, 2001, after a broad and energetic outreach effort that brought valuable input from interested and affected persons throughout California. While the Commission cannot change the Political Reform Act, passed by 70 percent of voters in 1974 as Proposition 9, the FPPC can make regulatory changes to simplify and clarify the law.

- **Toll-free Advice Line.** The Commission began offering a toll-free advice line, 1-866-ASK-FPPC (866-275-3772). The line, a major part of the agency's outreach program, is funded through the budget of the FPPC's new Public Education Unit. Public officials, local government clerks, candidates, filing officers and others who have obligations under the Political Reform Act are encouraged to call toll-free for advice Monday through Friday. On all lines, Commission staff answered approximately 52,000 calls.
- **Public Education Unit.** The Fair Political Practices Commission's new Public Education Unit was staffed and began work on a variety of projects, including publications intended to make it easier for public officials and the general public to understand political reform rules and the work of the Commission. The unit was established with a \$460,000 budget allocation approved by the state Legislature and the Governor last summer. Staff members will be responsible for writing and editing publications, handbooks, brochures, forms, web-based information and other material about the complex disclosure and reporting laws governing public officials under the Political Reform Act of 1974, which created the FPPC.
- **Public outreach.** The Commission's technical assistance staff conducted 76 seminars with a total audience of approximately 3,400 persons. Other divisions and commissioners participated in conflict-of-interest forums, California League of Cities seminars and other well-attended venues.
- **Training sessions.** Commission staff fully implemented a major new proactive program to systematically train local filing officers in their duties under the Political Reform Act. The program is aimed at helping local officials process conflict-of-interest forms and campaign statements accurately and efficiently.
- **Computer databases.** Commission staff implemented sophisticated new computer databases that vastly improved the efficiency of handling Statements of Economic Interests and enforcement cases. Using the new system, staff logged and filed 19,585 Statements of Economic Interests received in 2000 from officials throughout California.
- **Major court cases.** The Commission and its attorneys played a major role in high-profile court cases, including the lengthy trial over Proposition 208. Witnesses at the Proposition 208 trial included former Massachusetts Governor and presidential candidate Michael Dukakis. Another high-profile case involved Oakland Mayor Jerry Brown, who sought exemption from certain conflict-of-interest rules. Brown owns property close to a potential redevelopment area of Oakland and said the rules unfairly prevented his participation in matters affecting the city he was elected to lead. Brown, a former California governor, was an author of the 1974 Political Reform Act which created the FPPC.



## Purposes of the Political Reform Act

*The purposes of California's Political Reform Act are spelled out in the initiative's preamble, including:*

“Receipts and expenditures in election campaigns should be fully and truthfully disclosed in order that the voters may be fully informed and improper practices may be inhibited.”

“The activities of lobbyists should be regulated and their finances disclosed in order that improper influences will not be directed at public officials.”

“Assets and income of public officials which may be materially affected by their official actions should be disclosed and in appropriate circumstances the officials should be disqualified from acting in order that conflicts of interest may be avoided.”

## About the Political Reform Act

The Fair Political Practices Commission was created by the Political Reform Act of 1974, passed overwhelmingly by California voters as Proposition 9.

The Act, which became a model for similar laws elsewhere, regulates activities in three diverse areas:

- campaign finance, including use of public funds for campaign activities;
- conflicts of interest, including gift and honoraria limits and “revolving door” restrictions on public officials beginning new jobs in the private sector; and
- lobbying at the state level.

The Act’s requirements, as approved by the voters, reach to every corner of the Golden State. An estimated 100,000 entities and individuals are subject to the Act’s requirements. This includes, during any given year, the 5,000 to 10,000 state and local candidates who may be seeking office or re-election. Political committees, including ballot measure committees and general-purpose political action committees, also fall under the Act.

The conflict-of-interest requirements of the Act apply to thousands of local government, state and judicial agencies and organizations, which, with few exceptions, must have their own conflict-of-interest code.

The Act also governs the many people and groups who lobby state government, imposing registration and disclosure requirements on each.

While the Act has been in force for over a quarter-century, its specific provisions have changed dramatically. The Act has been amended more than 200 times since its 1974 passage, including major revisions enacted by the voters as Proposition 34 in the November 2000 statewide election. Some changes have updated the Act for the computer age. In 1974, perhaps few would have envisioned an individual voter, armed with a personal computer, viewing late campaign contribution reports with just a few clicks of a mouse.

While the Act sets up procedures for administrative and civil fines for those who violate its provisions, the Commission also places great emphasis on educating state and local officials about how to comply with the Act. The Commission has both new and long-standing programs in place to achieve that goal.

## History of the Political Reform Act

The Political Reform Act is a complex set of laws governing campaign activity. The Act owes its complexity in part to the nature of its origin: it is the evolving product of attempts by the public to exert control over the political process, tempered by the courts' zealous protection of fundamental constitutional rights and modified by legislators weighing the public interest against the realities of the electoral process.

### *Proposition 9: The Political Reform Act of 1974*

In 1974, a coalition including Common Cause, the People's Lobby, and Jerry Brown, then Secretary of State and a candidate for governor, placed an initiative measure on the statewide ballot. In the aftermath of the Watergate scandal, the sponsors of Proposition 9 sought to curtail political corruption by limiting the amount of money spent in elections and by eliminating secret or anonymous contributions. With the passage of Proposition 9, the campaign activities and the personal financial affairs of state and local candidates and officials were subjected to unprecedented scrutiny.

The main provisions of Proposition 9:

1. It imposed mandatory spending limits on candidates for statewide offices and statewide ballot measure committees. (In 1976, the United States Supreme Court held that mandatory spending limits were unconstitutional. *Buckley v. Valeo*, 424 U.S. 1.)
  2. It required lobbyists to register with the state and to file reports disclosing their activity expenses. It also imposed a \$10 gift limit on lobbyists and prohibited lobbyists from making campaign contributions. (In 1977, a California appellate court struck down the contribution
- prohibition. *Institute of Governmental Advocates v. Younger*, 70 Cal.App.3d 878.)
3. It imposed strict conflict-of-interest laws on elected officials and government employees, and required state and local agencies to establish conflict-of-interest codes.
  4. It banned anonymous contributions of \$100 or more and required detailed disclosure of campaign contributions and spending, under the theory that an informed electorate will vote against a candidate or measure supported by individuals or groups adverse to the public interest.
  5. It prohibited elected officials from sending mass mailings at public expense.
  6. It established strict auditing of campaign statements by the Franchise Tax Board to determine whether candidates and committees reported all contributions and expenditures.
  7. It created the Fair Political Practices Commission (FPPC) to enforce the new laws known collectively as the Political Reform Act.



Over the years, the Legislature has added a number of provisions to the original Political Reform Act. Some of the more significant changes:

1. In 1977, the Legislature required candidates and committees to disclose their identities on campaign literature. The California Supreme Court later upheld this law. *Griset v. Fair Political Practices Comm.*, 8 Cal.4th 851 (1994). A subsequent challenge based on the United States Supreme Court case *McIntyre v. Ohio Elections Commission*, 514 U.S. 334 (1995) is now pending. *Griset v. Fair Political Practices Comm.*, 69 Cal.App.4th 818 (1999), was heard on March 7, 2001.
2. In 1980, the Legislature placed restrictions on lobbying by state employees who leave state service.
3. In 1982, the Legislature passed contribution-based disqualification requirements and limits applicable to elected officials or candidates who are also appointed members of boards and commissions. Under section 84308, a board or commission member may not accept a campaign contribution of \$250 or more until three months after his or her agency's decision on a matter affecting the contributor. If the member has accepted a campaign contribution of \$250 or more within 12 months prior to a decision affecting the contributor, the member may not participate in the decision.
4. In 1982, the Legislature increased FPPC funding for use in enforcing the Act at the local level.
5. In 1985, the Legislature required sponsored committees to include the names of their sponsors on political mailings.
6. In 1987, after extensive FPPC hearings, the Legislature imposed stricter identification and notification requirements on slate mailer organizations. The FPPC hearings identified four problems associated with slate mailers:
  - 1) they appeared to be official party documents when they were not;
  - 2) they gave the false impression that candidates listed in them endorsed each other;
  - 3) they did not disclose which candidates or ballot measures paid to be listed; and
  - 4) slate mailer organizations were not required to file campaign disclosure statements.

The new law addressed these concerns by requiring a disclaimer to be placed on every slate mailer, and requiring slate mailer organizations to disclose campaign contributions and spending.

## Propositions 68 and 73

Voters passed two political reform initiatives in 1988. Proposition 68, sponsored by Common Cause, would have imposed contribution limits and allowed public financing for legislative campaigns. Proposition 73, sponsored by members of the Legislature, was a broader campaign finance reform measure that prohibited public financing of campaigns. The voters approved both ballot measures, with Proposition 73 receiving the most votes.

The California Supreme Court ruled that when two competing comprehensive regulatory schemes are enacted at the same time, it will not sort through the provisions to determine which parts are compatible after the election. The ballot measure with the most votes — in this case, Proposition 73 — will prevail. *Taxpayers to Limit Campaign Spending v. Fair Political Practices Comm’n*, 51 Cal.3d 744 (1990).

The contribution limits and the inter-candidate transfer ban in Proposition 73 were later invalidated in federal court on the grounds that the limits applied on a fiscal year basis, which favored incumbents. *Service Employees Int’l. Union v. Fair Political Practices Comm’n*, 955 F.2d 1312 (9th Cir. 1992).

Some provisions of Proposition 73 remain in effect (although many were repealed by Proposition 34). The prohibition against public financing of elections still stands, although charter cities may establish public financing schemes. *Johnson v. Bradley*, 4 Cal.4th 389 (1992). Also in effect is the requirement that a candidate have a single campaign bank account for each election.

## Proposition 112: Government Ethics Laws

In the 1980s, the FBI began a three-year sting operation to uncover corruption in the California Legislature. During the investigation, FBI agents posing as businessmen gave \$90,000 in campaign contributions and honoraria to various legislators. The Legislature approved two bills designed to benefit seafood companies which turned out to be fictional entities created by the FBI. Eventually, five legislators were convicted on corruption charges.

Immediately following the investigation, a Los Angeles Times poll revealed that 53% of the voters surveyed thought that taking bribes was a common practice in Sacramento.

In June 1990 the Legislature placed Proposition 112 on the ballot. Proposition 112 was a constitutional amendment directing the Legislature to pass new ethics laws. The new laws banned honoraria, imposed a gift limit of \$250 (now \$320) on all state and local officials, restricted travel payments, and strengthened prohibitions against personal use of campaign funds.

*The Political Reform Act  
is designed to assure that:*

*State and local government serve all  
citizens equally, without regard to  
status or wealth*

*Public officials perform their duties  
impartially, without bias because of  
personal financial interests or the  
interests of financial supporters*

*Public officials disclose income and  
assets that could be affected by official  
actions and disqualify themselves from  
participating in decisions when they  
have conflicts of interest*

*Election campaign receipts and  
expenditures are fully and truthfully  
disclosed so voters are informed and  
improper practices are inhibited*

*Elections are fair*

*No laws or practices favor incumbents*

*The activity of those who lobby the  
state legislature is regulated and  
finances disclosed to prevent improper  
influence on public officials*

*Public officials and private citizens  
are given the means to vigorously  
enforce political reforms*

In 1997, the Legislature passed the Online Disclosure Act, which requires specified candidates and committees to file their campaign finance reports electronically. Once filed, the information is available on the Internet. Candidates for state elective office, committees supporting or opposing statewide ballot measures, general purpose committees, and slate mailer organizations that spend or receive \$50,000 or more are subject to the Online Disclosure Act. Lobbyists with reportable gifts, payments, expenses, or contributions of \$5,000 or more in any quarter must also file electronically.

In 1997, the voters were again faced with two incompatible campaign finance reform ballot measures. Proposition 208 was sponsored by Common Cause and the League of Women Voters. Proposition 212 was supported by the California chapter of the Public Interest Research Group, a grassroots organization that has pushed for campaign finance reform in other states.

Both measures would have imposed contribution limits and voluntary spending limits. In addition, Proposition 212 would have repealed statutes banning honoraria and limiting gifts. The voters preferred Proposition 208. A federal judge, however, halted implementation of the new law. *California Prolife Council Political Action Committee v. Scully*, 989 F. Supp. 1282 (E.D. Cal. 1998). The appellate court upheld the injunction but sent the case back to the trial court for further proceedings. Before the trial court could issue its second ruling, Proposition 34 repealed most of Proposition 208.

*Online  
Disclosure  
Act*

*Propositions  
208 and 212*

*Proposition  
34*

In the summer of 2000 the Legislature placed Proposition 34 on the November 2000 ballot. More than 60% of those voting cast ballots in favor of the measure.

Proposition 34 repealed much of Proposition 208, including its contribution and spending limits. Proposition 34 imposed new, higher per-candidate contribution limits: \$3,000 for the legislature; \$5,000 for most statewide offices; \$20,000 for governor; \$5,000 for contributions to PACs; and \$25,000 to political parties. Proposition 34 also imposed voluntary spending limits, increased administrative penalties to \$5,000 per violation, and strengthened disclosure requirements. The FPPC recently began issuing a series of regulations implementing the changes mandated by Proposition 34.

*2001  
and  
Beyond*

Two legislatively-enacted commissions will have significant impact on the Act. The first, the Bipartisan Commission on the Political Reform Act of 1974, known as the McPherson Commission, issued its report in September of 2000. Several of the McPherson Commission's recommendations, intended to simplify the Act and facilitate compliance, have become law through legislation or regulation.

The second, the Bipartisan Commission on Internet Political Practices, will recommend adjustments to the Political Reform Act in light of the rapidly expanding role of the Internet in politics. These commissions are the latest, but certainly not the last, development in the continuing evolution of the Political Reform Act of 1974.

# The FPPC: Who We Are

## The Commission

The Fair Political Practices Commission was created by the Political Reform Act of 1974, a ballot initiative passed by California voters as Proposition 9.

The Commission is a bipartisan, independent body of five members that administers and enforces the Political Reform Act's rules on conflicts of interest, campaign contributions and expenditures and lobbying disclosure. Supporting the Commission is a staff of 80 employees in the Administration, Technical Assistance, Legal and Enforcement Divisions.

The Commission educates the public and public officials on the requirements of the Act. It provides written and oral advice to public agencies and officials; conducts seminars and training sessions; develops forms, manuals and instructions, and receives and files economic interest statements from many state and local officials.

The Commission investigates alleged violations of the Political Reform Act, imposes penalties when appropriate and assists state and local agencies in developing and enforcing conflict-of-interest codes.

The Governor appoints two commissioners, including the chairman. The Secretary of State, the Attorney General and the State Controller each appoint one commissioner. Commissioners serve a single, four-year term, and no more than three members can be registered with the same political party. The chairman is salaried and full-time while the other four members serve part-time.

The Commission generally meets once each month to hear public testimony, issue opinions, adopt regulations, order penalties for violations of the Act and take other action.

The Commission is headquartered at 428 J Street in downtown Sacramento. The public reception area is in Suite 620.



## *Commission Management*

At its January 2001, meeting, the Commission adopted a Statement of Governance Principles describing the respective duties of the Chairman, Commissioners and Executive Director.

Generally, the Chairman serves as the presiding officer of the Commission and the senior manager of the agency. The Executive Director serves as the chief operating officer and senior administrator of the organization. The Commissioners set policy and make substantive decisions through the monthly Commission meeting. The Chairman also acts in the name of the Commission between monthly meetings.

## *Commission Staff*

Under the joint leadership of the Chairman and the Executive Director, the Fair Political Practices Commission staff is organized into four major divisions:

- **Legal**
- **Enforcement**
- **Technical Assistance**
- **Administration**

In addition, the Commission has a **Public Education Unit** that reports directly to the Executive Director and Chairman.

The Executive staff is composed of the Chairman, Executive Director, Media Director, Division Chiefs, Government Relations Director and the Associate Editor of Publications.

## *Legal Division*

The Legal Division is comprised of approximately 14 employees, including the General Counsel, staff attorneys, political reform consultants, and support staff.

In addition to serving as Chief of the Legal Division, the General Counsel serves as the legal advisor for the Chairman and other Commissioners on a full range of policy matters. The General Counsel advises members of the Commission and the staff on the interpretation and analysis of laws, court decisions, and rules and regulations affecting the Commission. In addition, the General Counsel coordinates litigation strategy, ensures that consistent and sound advice is given by staff, and coordinates the development of legislative proposals, regulations and Commission opinions.

The Legal Division:

- **Represents the Commission in Court.** Unlike most state agencies, which are represented in court by the Attorney General, the Commission is specifically authorized to be represented by its own lawyers. This is only one of the many provisions of the Act designed to insure the independence of the Commission. However, due to staff time constraints, in complicated or very time-intensive cases the Commission is represented by the Attorney General's office. In those cases, the Commission staff attorneys provide expertise and ensure that the representation conforms to Commission policy. The Act provides that, upon request, the Attorney General must provide legal advice and representation without charge to the Commission.

- **Provides Advice.** The Legal Division staff receives a large number of requests for advice from state and local officials, from candidates and campaign committees, and from lobbyists. Many of these questions concern conflicts of interest — officials asking whether they must disqualify themselves from certain decisions. Attorneys will assist the Technical Assistance staff in providing informal oral advice in response to telephone requests when the questions are relatively straightforward. In response to written requests, the legal staff gives written advice (known as “advice letters”).
- **Drafts Regulations.** An important part of the work of the Legal Division is drafting regulations implementing the campaign, lobbyist, and conflict-of-interest provisions of the Act. Because of the rigid procedures involved in adopting regulations, the process is also time-consuming. The procedures that must be followed are set forth in Commission Regulation 18312.
- **Drafts Legislation.** The Legal Division, in cooperation with the Government Relations Director, drafts legislation that the Commission sponsors, and analyzes other bills that may have an impact on the Political Reform Act.
- **Coordinates With Other Divisions.** The Legal Division staff discusses legal issues with both the Technical Assistance and Enforcement Divisions, reviews forms and manuals for compliance with the Act and the regulations, and discusses legal and policy issues that arise from enforcement cases.
- **Conducts Special Projects, Workshops, and Seminars.** When appropriate, Legal Division staff members prepare and arrange special hearings for the Commission and work with the Technical Assistance Division on special reports and projects, such as training, seminars, and workshops.

The Enforcement Division consists of approximately 29 employees, including a division chief, attorneys, investigators, accounting specialists (auditors), political reform consultants and support staff.

## *Enforcement Division*

The Enforcement Division:

- **Conducts legally required audits** of candidates for State Controller, the Board of Equalization, and their controlled committees.
- **Investigates allegations of violations** of the Political Reform Act by state and local candidates, public officials, lobbyists and others.



*Enforcement  
Division  
(cont.)*

- **Prosecutes** suspected violations of the Act by administrative action or civil lawsuits.
- **Refers** allegations of criminal misconduct to the appropriate criminal investigative and prosecuting agencies (e.g., Attorney General, District Attorney, Federal Bureau of Investigation, Internal Revenue Service, U.S. Attorney).
- **Assists district attorneys** and authorized city attorneys in analyzing, investigating and prosecuting local violations of the Act.
- **Establishes policies and procedures** to ensure the effective, timely, uniform and predictable enforcement of the Political Reform Act and recommends to the Commission the adoption of policies and resolution of specific cases to further these goals.
- **Works with the Legal Division and Technical Assistance Division** to perform public outreach activities, and to ensure that Commission regulations and policies are enforceable and fair.

*Technical  
Assistance  
Division*

The Technical Assistance Division performs three major functions for the Commission. The division:

- **Trains and Assists.** The Technical Assistance Division is responsible for providing assistance to people who are interested in or affected by the Political Reform Act.

The Technical Assistance Division provides assistance to officeholders and candidates for all elected state and local offices in California; campaign committee treasurers; lobbyists and employers of lobbyists; elected and appointed officials at the state and local levels of government; state and local filing and enforcement officials (e.g., Secretary of State, county clerks, city clerks, district attorneys); and the general public.

The primary methods of providing technical assistance include: providing telephone advice (the Technical Assistance Division averages 4,000 telephone calls per month) and written advice; preparing and updating comprehensive information manuals, instructions, forms, handbooks, fact sheets; and conducting dozens of seminars and workshops throughout the state each year.

- **Processes Statements of Economic Interests.** The Technical Assistance Division also processes annually approximately 20,000 Statements of Economic Interests (SEIs) filed with the Commission. The processing of these statements includes: computerized logging and tracking of the statements to ensure that all statements are filed on time; reviewing the statements to ensure that they comply



*Technical  
Assistance  
Division  
(cont.)*

with the Act; notifying and assisting filers and filing officials regarding deficiencies in the statements; and maintaining the statements for public inspection. In addition, the Division provides assistance and training to state agency officials, city and county clerks, city attorneys, and county counsels regarding the tens of thousands of Statements of Economic Interests filed throughout California. This division also acts as both the filing officer and filing official for employees of both the Senate and Assembly. The division is also the filing officer for all members serving on a board or commission of the Department of Consumer Affairs.

- **Processes Conflict-of-Interest Codes.** The Technical Assistance Division oversees the process of adoption of conflict-of-interest codes throughout the state. The staff assists state and local agencies in drafting and promulgating codes. It also prepares recommendations to the Commission or the Executive Director for all codes and code amendments for state and multi-county agencies.

*Administration  
Division*

The Administration Division is responsible for personnel, budgeting, accounting, business services, data processing, photocopying, and employee-employer relations. Personnel functions include recruitment and hiring, position classification and reclassification, attendance and payroll, training, grievances and punitive action.

Budgeting functions include developing, presenting, managing and revising the Commission's budget. The Division is also responsible for the accounting of all funds expended by the Commission.

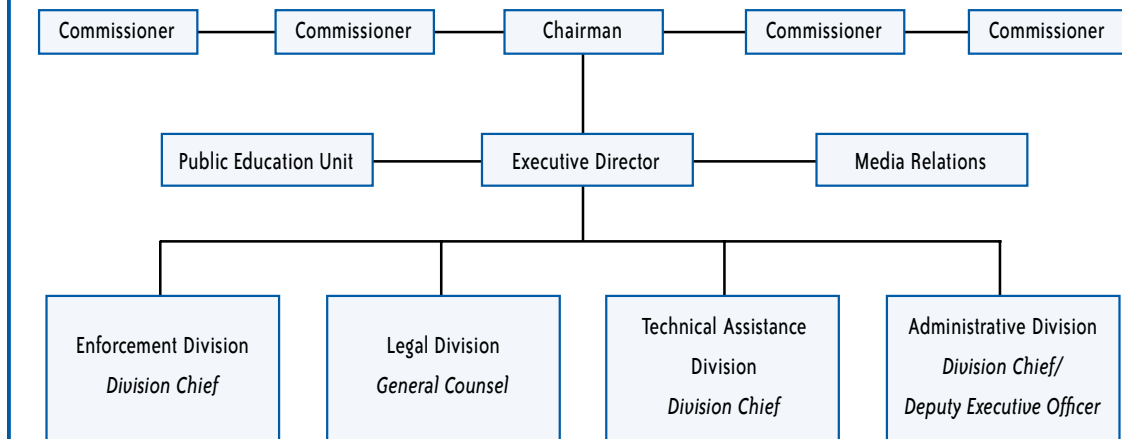
Information Technology functions include developing, maintaining and upgrading the Commission's computer network, data storage and associated services.

Business services includes building and space management, communications, contracts, equipment and supplies, maintenance, printing and travel.

*Media  
Relations*

The Media Director works with the news media to provide the public with timely and accurate information about Commission actions, scheduled meetings and other developments. The Media Director, with the help of other FPPC staff and student assistants, answers thousands of media inquiries annually ranging from simple questions about scheduled events to complex requests for legal information. Press releases are written and issued throughout the year and are also posted on the Commission's web site. The Media Director also conducts special media outreach efforts focusing on major Commission projects and events.

## Fair Political Practices Commission Organization Chart February 2001



### *Public Education Unit*

The Public Education Unit was created through a special funding request approved by the Legislature and Governor beginning with the 2000–01 fiscal year. Staff members are responsible for editing the *FPPC Bulletin*, as well as handbooks, brochures, forms, web-based information and other materials. The unit will also become a repository of educational and reference information. The FPPC’s new toll-free advice line, **1-866-ASK-FPPC**, is funded through the unit’s budget.

## FPPC Outreach, Education and Service Programs

The FPPC and its divisions offer numerous outreach programs and other services intended to help public officials and the general public better understand the requirements of the Political Reform Act and the agency's duties. One goal of the *Resource Directory and Annual Report* is to help Californians become better aware of how to take advantage of these services.

These outreach and education programs are considered a vital part of the FPPC's overall mission and day-to-day work. For every case in which the Commission approves an enforcement penalty, Commission staff members answer hundreds of inquiries from those seeking advice on how to comply with the Act's provisions and avoid potential violations of the law.

*Here is a listing and explanation of many of the public services offered by the FPPC:*

***Toll-free Advice Line  
1-866-ASK-FPPC***

In 2000 the FPPC launched a toll-free advice line, **1-866-ASK-FPPC** (866-275-3772). The advice line, a major part of the agency's outreach program, is funded through the budget of the FPPC's new Public Education Unit.

***Toll-Free  
Advice Line***

Public officials, local government clerks, candidates, filing officers and others who have duties or obligations under the Political Reform Act are encouraged to call toll-free for advice Monday through Friday. Staff consultants at the FPPC respond to the calls and provide guidance and advice on issues including campaign contributions and expenditures, lobbying and conflicts of interest.

Here are some examples of the kinds of questions asked on the advice line:

- How do I complete my campaign, lobbying or Statement of Economic Interests form?
- How does my agency prepare a conflict-of-interest code?
- Have I received a reportable gift?
- May I accept free travel from a private organization?
- Can I vote on this proposed local board action or do I have an economic conflict of interest?
- Is this proposed expenditure of campaign funds permissible?

***Toll-Free  
Advice Line  
(cont.)***

- When is my form due and with whom should I file it?
- I'm running for school board; what campaign reports do I need to file?
- My home is near the proposed park; can I vote at next month's council meeting?

In addition, advice is provided to hundreds of filing officers across the state on their duties under the Act, including receiving and reviewing forms and statements from other public officials.

*FPPC staff members answer thousands of calls for telephone advice each month.*

**Who can ask for advice?**

A public official, candidate, lobbyist or other person who has duties under the Political Reform Act (or an authorized representative) can ask the FPPC for telephone or written advice. City attorneys, campaign treasurers, lawyers, and agency counsels may request advice about officials whom they are authorized to represent or have a duty to advise.

**Call early!**

Agency staff members recommend that persons requesting advice call well in advance. Complicated questions may require substantial research.

Commission staff members make every effort to respond by the caller's deadline. But if someone calls Tuesday afternoon asking whether he or she will have a conflict in a council vote scheduled for that evening, the agency may not be able to fully respond in time.

Many calls for telephone advice receive a response on the same day. A response may take longer for a call made right before a statement filing deadline or an election. If a question is complicated and the consultant needs to research it, an answer may take several days. If a question is factually complicated or presents a novel issue, the consultant may not be able to offer phone advice and will ask the caller to make a request for written advice.

Telephone advice generally provides callers with valuable guidance and answers to routinely asked questions under the Political Reform Act. But telephone advice does not provide the caller with immunity from prosecution under the Act. Only formal written advice (see the section on seeking written advice) gives limited statutory immunity to the person seeking advice.

## ***FPPC Web Site*** **www.fppc.ca.gov**

### **The FPPC On Line**

Need campaign reporting forms in a hurry? Have questions after business hours? Looking for an FPPC training workshop to help you meet your filing obligations? The FPPC web site can help.

Point your browser to <http://www.fppc.ca.gov> to keep abreast of Commission activities, your responsibilities, and changes in the laws and regulations that make up the Political Reform Act.

***FPPC  
Web Site***

### **What's Available**

The FPPC web site is your connection to campaign reporting and lobbying rules, conflict-of-interest fact sheets, and summaries of enforcement decisions. You can learn how to report violations or view the schedule for workshops and seminars in your area. You can download reporting forms or read the Political Reform Act and regulations on line. You can also read profiles of the agency's divisions and find out about career opportunities with the FPPC.

The FPPC web site lists Commission meeting agendas starting 10 days in advance of each monthly meeting. Agendas are updated daily whenever we receive agenda-related documents. You can also link to past meeting agendas, news releases and current and back issues of the *Bulletin*, the FPPC quarterly newsletter.

### **Upgraded in 2001**

The FPPC has completed work on a new web site, which was launched and made available to the public in April 2001. The new site will be easier to use and offer expanded access to FPPC materials. Visitors will still be able to retrieve Commission agendas, filing instructions and forms, fact sheets, and other FPPC publications from the new site.

Some documents on the web site are in Adobe Acrobat format. Adobe Acrobat Reader can be downloaded for free via links on the site.

The FPPC web site offers dozens of helpful documents, including:

- The text of the Political Reform Act
- Frequently asked questions and answers
- Fact sheets for public officials, lobbyists and candidates
- Commission agendas and meeting summaries
- Scheduled workshops and seminars
- Information on how to contact the FPPC

**FPPC**  
**Web Site**  
**(cont.)**

- Career opportunities with the FPPC
- Previous enforcement decisions and information on filing complaints
- FPPC press releases
- A library of Commission publications, including the FPPC *Bulletin*
- General information about the FPPC, Commissioners and staff divisions
- Forms that can be downloaded to another computer

**Publications**

The FPPC offers many publications of interest to public officials and the general public. Many of these publications can be found on the FPPC's web site, [www.fppc.ca.gov](http://www.fppc.ca.gov). Publications also can be obtained or ordered through the agency's fax-on-demand system (1-888-622-1151), or main phone number (866) ASK-FPPC (Toll-free) or (916) 322-5660.

In addition, publications can be requested or ordered by writing the Commission at

**Fair Political Practices Commission**  
**P.O. Box 807**  
**428 J Street, Suite 620**  
**Sacramento, CA 95812**

Publications include:

- The annual publication of the Political Reform Act. While not an official publication of the Government Code, the publication is produced for use by the public and FPPC staff. This publication also contains a summary of FPPC opinions and enforcement decisions.
- The Political Reform Act also is available on computer CD-ROM. The CD includes brief histories of amended sections and references to applicable regulations, opinions and enforcement decisions. The CD is available for \$10 per copy, although there is no charge to other government agencies. The CD includes Adobe PDF and Microsoft Word formats.
- FPPC fact sheets include:
  - ★ Getting Advice From the FPPC
  - ★ Frequently Asked Questions About Inaugural and Leaving Office Events
  - ★ Campaign Disclosure
  - ★ Candidates: Important Things to Remember
  - ★ Using Public Funds for Ballot Measure Elections
  - ★ Recall Elections
  - ★ What's New with "Accrued"—New Rules on Reporting Accrued Expenses on Schedule F

- ★ Committee Treasurers
  - ★ Can I Vote? Conflicts of Interest Overview
  - ★ Campaign Contributions May Cause Conflicts for Appointees and Commissioners
  - ★ Holding Two Positions
  - ★ Limitations and Other Restrictions on Gifts, Honoraria, Travel and Loans for:
    - ☆ Elected State Officers and Candidates for Elective State Office
    - ☆ Members of State Boards and Commissions and State Employees
    - ☆ Local Elected Officers, Candidates for Local Elective Office Judicial Candidates, Officials and Employees of Local Government
  - ★ Travel Guide for California Officials and Candidates
  - ★ Leaving Your State Job? Post-Employment Restrictions May Affect You
- The FPPC *Bulletin*, a quarterly newsletter which contains a wide variety of Commission news, including articles on Commission programs, meeting summaries, enforcement actions, litigation activities, advice summaries and information for local and agency filing officers.
  - The FPPC *Resource Guide and Annual Report*.
  - Various other publications and brochures, many of which are available on the FPPC web site, [www.fppc.ca.gov](http://www.fppc.ca.gov).
  - Commission regulations implementing the Act are contained in the California Code of Regulations, Title 2, Division 6 (sections 18109–18996). The regulations are also available on the web site.

## *Seminars and Outreach Programs*

The FPPC is committed to providing effective outreach and training for those with obligations and duties under the Political Reform Act. Each year, Commissioners and staff members appear at dozens of seminars, speaking events and training sessions attended by thousands of candidates, city clerks, public officials, filing officers, lobbyists and others. The seminars cover a broad range of subjects under the Political Reform Act, including avoiding conflicts of interest, filling out campaign forms, and completing Statements of Economic Interests.

The campaign seminars are designed to help prospective candidates understand the rules for accepting campaign donations and how to properly fill out the paperwork for reporting donations and campaign spending.

FPPC staff also offer popular outreach programs for city and county clerks and state agencies, helping those officials learn how to manage their filing duties and in turn help other officials comply with the law.

To request that a training session or seminar be held in your area, contact the Commission offices with your request by writing to:

**Fair Political Practices Commission  
P.O. Box 807  
428 J Street, Suite 620  
Sacramento, CA 95812**

## *Written Advice*

Those with a complicated question about their obligations under the Political Reform Act, or public officials seeking immunity from a potential future action, may wish to request written advice from the FPPC. To request written advice, write a letter to:

**General Counsel  
Legal Division  
Fair Political Practices Commission  
P.O. Box 807  
428 J Street  
Sacramento, CA 95812**

Those writing should try to include the following information:

- Your name, title or position, and mailing address. If you are requesting advice on behalf of someone other than yourself, the letter must specifically state that you are authorized to represent that person.
- The question. Clearly state the question(s) you wish answered.
- The facts. Provide all of the material facts and information related to your question in a clear and concise manner. Summarize relevant parts of attachments and enclosures in the request.



The Commission provides both “formal” and “informal” written advice. “Formal” written advice letters apply provisions of the Political Reform Act to very specific factual situations involving particular public officials. “Informal” written advice letters provide answers to general questions about the Act.

Requests for written advice that seek general guidance and do not provide specific facts are treated as requests for informal written assistance. Formal written advice confers on the requestor immunity from prosecution by the Commission; informal written advice does not. Formal written advice is noted by the file prefix “A” in the FPPC file number of the letter, and informal written advice is noted by the prefix “I.”

In addition, the Commission issues formal written opinions on matters that involve policy questions, unique or complicated interpretations of the Act, or otherwise merit full Commission review. Opinion requests follow a formal procedure spelled out in Commission regulations, and involve a hearing before the full Commission at its regular monthly meeting in Sacramento.

### **Answers to requests for written advice**

The Act directs the Commission to respond to a request for “formal” written advice within 21 business days of receiving the request. If Commission staff needs to contact the person making the request to get more facts to prepare the reply, or if the request poses a particularly complex legal question, the 21-day period may be extended. The 21-day deadline does not apply to “informal” written advice.

Once issued, advice letters are made public. The Commission publishes advice letter summaries in its *Bulletin* newsletter. The Commission also sends copies of the advice letters to the Attorney General, Secretary of State, Franchise Tax Board, and private parties who have paid subscriptions. The advice letters are published on Westlaw and Lexis, and are made available to reporters and other interested parties on request.

Formal written advice based upon accurate and complete facts provides immunity to the requestor from any enforcement action initiated by the Commission and is evidence of good faith in any other proceeding if the requestor relies upon the advice in good faith.

**The Enforcement Division** of the Fair Political Practices Commission investigates and prosecutes violations of California’s Political Reform Act. These cases generally involve conflicts of interest, campaign contributions and expenditures and lobbying disclosure issues.

Each year, the FPPC receives and acts upon hundreds of complaints filed by residents from all areas of the state. While the division has limited resources, the Commission has a long-standing policy of responding to *each and every* written complaint that is properly submitted. Complaints may be made using either the form available on the Commission’s fax-on-demand service and Internet web site, or by mail, using the letter format suggested on the web site, [www.fppc.ca.gov](http://www.fppc.ca.gov).

As a general rule, the identity of any person filing a complaint will not be disclosed to the public or the parties against whom the complaint was made.

### **Filing a complaint**

Anyone who suspects a violation of the Political Reform Act may file a written complaint with the FPPC. Prior to filing a written complaint, it may be advantageous to

*Investigation  
of Complaints  
(cont.)*

contact the Enforcement Division’s “intake unit” at the toll free number (800) 561-1861 to determine whether the FPPC has jurisdiction over the activity in question. The intake unit will not comment on whether any violation has actually occurred.

**Public Records Act**

Once a case is closed, the individual who filed the complaint, or other member of the public, may request access to information in the case file by making a request to the FPPC under the Public Records Act. Written requests under the Public Records Act for closed case information should be sent to the Enforcement Division by fax at (916) 322-1932, or by regular mail addressed to the Fair Political Practices Commission, P.O. Box 807, 428 J Street, Sacramento, CA 95812. Copies of 10 pages or fewer are provided without charge. For documents in excess of 10 pages, the FPPC charges 10 cents per page. Alternatively, those seeking records may provide their own copying equipment and make the copies in the FPPC offices.

The FPPC’s web site, [www.fppc.ca.gov](http://www.fppc.ca.gov), contains additional information on the investigation process, past enforcement actions and other related Commission matters.

***Fax-on-Demand***  
**1-888-622-1151**

***Fax-on-  
Demand***

The FPPC offers a fax-on-demand system that provides users with a variety of Commission documents, including meeting agenda items. The system can be accessed by calling 1-888-622-1151.

## Fair Political Practices Commission Frequently Requested Fax-on-Demand Documents

**To order a fax call toll-free 1-888-622-1151.**

*(To order a complete index of available FPPC fax documents use index number 9200.)*

FPPC monthly meeting agendas	Fax-on-Demand index number
January	7001
February	7002
March	7003
April	7004
May	7005
June	7006
July	7007
August	7008
September	7009
October	7010
November	7011
December	7012

See monthly agendas for the index numbers of individual agenda item documents and letters received by the FPPC regarding items on the agenda. The index numbers fall between 70000 and 129999.

Other documents	Fax-on-Demand Index Number
Proposition 34 highlights	1002
Proposition 34 changes to California finance law	1003
Interested persons meeting information	3043
Fax-on-demand index	9200

## FORMS

## Fax-on-Demand Index Number

Complaint Form (To seek an enforcement action)

2098

### FORM NUMBER

410 Statement of Organization: Recipient Committee

2001

498 Slate Mailer - Late Payment Report

2002

425 Semi-Annual Statement of No Activity *(Recipient Committees Only)*

2017

450 Short Form: Recipient Committee Disclosure Statement

2018

461 Major Donor and Independent Expenditure  
Committee Campaign Statement

2004

465 Supplemental Independent Expenditure Report

2019

470 Short Form: Officeholder & Candidate Campaign Statement  
*AND* 470 Supplement

2020

495 Supplemental Pre-election Campaign Statement

2021

496 Late Independent Expenditure Report

2005

497 Late Contribution Report

2022

501 Candidate Intention Statement

2007

601 Lobbying Firm Registration Statement

2008

602 Lobbying Firm Activity Authorization

2009

603 Lobbyist Employer/Lobbying Coalition Registration

2010

604 Lobbyist Certification Statement

2011

605 Amendment to Registration: Lobbying Firm,  
Lobbyist Employer, Lobbying Coalition

2012

606 Notice of Termination

2030

607 Notice of Withdrawal

2013

615 Lobbyist Report

2031

625 Report of Lobbying Firm

2032

630 Attachment: Payments to Lobbying Coalitions

2033

635 Report: Lobbyist Employer, Lobbying Coalition

2034

640 Government agencies report of other payments  
to influence legislative or administrative action

2035

645 Report: Person spending \$5,000+ to influence legislative  
or administrative action

2036

690 Amendment to lobbying disclosure report

2037

The Fair Political Practices Commission issues numerous press releases throughout the year containing detailed information about Commission news and activities.

The press releases may be accessed through the “Press Center” icon on the Commission’s web site, [www.fppc.ca.gov](http://www.fppc.ca.gov).

The Commission places emphasis on working with the media to inform the public about Commission actions and programs. FPPC Media Director Sigrid Bathen or a student media assistant can be reached at (916) 322-7761 or (916) 322-5660, or by e-mail at [sbathen@fppc.ca.gov](mailto:sbathen@fppc.ca.gov).

If you have general questions about campaign or ethics law or want to get a copy of the Political Reform Act, regulations, fact sheets, or Commission meeting materials, you can get more information from the Commission’s web site ([www.fppc.ca.gov](http://www.fppc.ca.gov)), fax-on-demand system (1-888-622-1151), or main phone number — 1-866-ASK-FPPC (Toll-free) or (916) 322-5660.

In addition, voicemail is available 24 hours a day, and there is a special prompt that allows you to order forms, manuals and other materials any time.

To reach the Enforcement Division, call (800) 561-1861. To reach other staff of the FPPC, call toll-free (866) ASK-FPPC, or call (916) 322-5660.

*“Dear Chairman Getman:*

*“I am writing to let you know how grateful I am for your new Outreach Program for City Clerks.*

*“I have been a City Clerk for only two years, having worked for 13 years in the City Manager/City Council offices here in Beverly Hills. I did not receive any training on the FPPC filing requirements prior to my appointment.*

*“Although I have attended several meetings of various City Clerks Associations, one hour of training here and there cannot provide the level of detailed guidance that is necessary for these complex regulations and forms. The one-on-one training I received from Mary Ann Kvasager and Larry Barkhouse was thorough... They also provided me with a contact person who has already set up electronic campaign statement logs so I don’t have to start from scratch to update my index card log system.*

*“I sincerely appreciate your commitment to providing this essential educational program for City Clerks. The candidates and the general public will benefit greatly and it will make the City Clerk’s role as filing officer much easier.”*

*— Nina Webster, CMC, City Clerk, City of Beverly Hills*

## *Luisa Menchaca*

Eleven years ago, Luisa Menchaca joined the Fair Political Practices Commission as a staff attorney.

Recently, she was named by the Commission as General Counsel — the FPPC's top post in its Legal Division.

Menchaca, who previously worked three years as assistant FPPC general counsel, has served as an attorney in the Commission's Legal Division since 1990.

During her tenure, she has served as legislative coordinator and as counsel to the five-member Commission. She has played a major role in the development of Commission regulations to implement the Political Reform Act of 1974, which established the FPPC.

Most recently, Menchaca was responsible for completion of the Commission's comprehensive two-year revision of the complex conflict-of-interest regulations. She has previously worked on implementation of various amendments to the Political Reform Act resulting from initiatives, including Proposition 112, the 1990 ethics reform measure, and Proposition 208, the campaign reform measure tied up in the courts since its passage in 1996 and now largely invalidated by Proposition 34, which passed last November.

Prior to joining the FPPC, Menchaca was a consultant to the Assembly Elections

and Reapportionment Committee and worked for the Senate Office of Research. She received a bachelor's degree in political science from Loyola Marymount University and a law degree from the University of California, Davis, where as a young mother and law student in 1982–83, she helped establish the Infant Care Cooperative, a child care program operated by and for UCD law students.

"It was out of sheer necessity," she said of the cooperative. "My second son was born the weekend before I started my second year of law school."

As FPPC General Counsel, Menchaca is expected to play a major role in the implementation of Proposition 34. She also will oversee the commission's litigation

and regulatory work as well as ongoing efforts to provide advice to members of the public, candidates and public officials who have questions about the Political Reform Act.

"I look forward to working with our new Commissioners and helping the entire Commission implement its current objectives," Menchaca said.

"I also hope to combine the successful legal strategies used by all of my recent supervisors in assisting the Commission to implement Proposition 34 and accomplish other legal work. I was fortunate to have worked with all of them," she added.



## Caterina Gipson

### *Snapshots of FPPC Employees*

Caterina Gipson enjoys the challenges and responsibilities of her job as Business Services Assistant with the Fair Political Practices Commission.

At her post in the FPPC's Administration Division, Gipson handles complex communications and paperwork needed to purchase supplies and services for the 80-employee agency.

"I enjoy the responsibility of supporting the needs of our staff," said Gipson. "It is important and rewarding knowing that when I am at my job, the agency as a whole knows that I will do my best to solve whatever problems that come up."

Gipson's typical day brings a wide variety of tasks, primarily working directly with vendors and ensuring that agency purchases comply with an array of state rules and regulations.

"I communicate regularly with vendors, particularly for the best buy and to make certain that what we've ordered is what we receive," said Gipson, who also helps maintain a variety of administrative files for the FPPC.

Gipson came to work for the Commission in May of 1993 after employment in the private sector in financial services and human resources. She was looking for a chance to further develop her business skills.

"There seemed to be a lot of opportunity here and I was right," she added.

Gipson, a resident of the Sacramento area, also appreciates the work atmosphere at the FPPC, which is one of the smaller state agencies.



"The people here are great and I enjoy working with them. Even with new people coming on board, we continue to develop a family kind of circle in this agency," she added.

Gipson, who has completed study programs at a local business school and community college, said she also enjoys meeting with members of the public who visit the FPPC.

"I enjoy the satisfaction of serving the public and sharing short conversations with them. We provide an important service so their feedback is valuable," she said.



## *Kevin Moen*

When somebody needing help dials the Fair Political Practices Commission's toll-free advice line, one of the experienced FPPC staff members who may answer the call is Kevin Moen.

Moen is a Political Reform Consultant II in the agency's Technical Assistance Division. He has handled many thousands of calls for advice in his eight years of employment with the FPPC.

Busy might be an understatement to describe Moen's typical day at the office at FPPC headquarters in downtown Sacramento.

"Yesterday, for instance, I handled 83 phone calls. That was extreme. But 40 or 50 phone calls per day would be normal," said Moen, who has a doctorate in public administration from American University and a masters degree in public administration from the University of Southern California.

Callers at the other end of his phone line seek help on a wide range of issues involving the Political Reform Act, Moen said. The topics range from lobbying to campaign disclosure, Statements of Economic Interests and conflicts of interest.

When not busy helping callers understand the complexities of the Political Reform Act, Moen also works on other programs and projects, including developing and conducting workshops and seminars for

candidates and others who must comply with the Act's requirements.

Among other duties, he also helps the agency review conflict-of-interest codes for state agencies, write advice letters, develop manuals for candidates and others, and review completed Statements of Economic

Interests from state legislators and staff members.

Last year alone, Moen participated in about two-dozen training workshops or seminars.

"The part that I enjoy the most is the teaching aspect — the explaining, making something really complex easy to understand for people," Moen said. "I get a lot out of that."

Moen, who grew up in Southern California, also teaches American government and comparative government classes at two community colleges.





## *Dennis Pellon*

When a particularly complex violation of the Political Reform Act is suspected, Dennis Pellon is one of the veteran FPPC investigators who may tackle the case.

Pellon has long experience in uncovering the evidence and witness testimony needed to successfully prosecute those who violate the Act.

"I am strongly motivated to do public service work," said Pellon, an Investigator III, Specialist Class, who began working for the FPPC in July of 1989.

A typical day at the FPPC's Enforcement Division will find Pellon busy with a broad range of investigative activities, ranging from interviews with witnesses to reviewing subpoenaed financial records. He travels to cities around California to gather evidence.

"I like the challenge of putting together the various elements of a case. I like the challenge of doing interviews, sometimes under strained conditions — the challenge of knocking on someone's door at 8:30 at night and trying to get them to talk to you about a political contribution," Pellon said.

Earlier in his career, Pellon was a Supervisor of Investigations for the Georgia Governor's Office of Consumer Affairs. A Fairfield resident, Pellon doesn't publicly discuss FPPC cases under investigation, keeping with the Commission's confidentiality policies.

"But I can tell you that today I am working on another challenging case. And I am also seeing what appear to be spin-off cases from that case," said the investigator, a New York City native.

He has worked on dozens of FPPC investigations over the years, including

complex money laundering and conflict-of-interest cases. The FPPC prosecutes most violators administratively, although some cases are prosecuted with a civil lawsuit. The FPPC also may refer a case to a district attorney or the Attorney General for criminal prosecution. Pellon, an Air Force veteran who has a Bachelor of Science degree from Georgia State University, said he finds satisfaction in



successfully building a case when there has been a violation of the Act. He strongly believes his work, and the work of the Commission, helps protect the public interest and the integrity of the political process.

"I think there is a potential for great public harm when there is a lack of disclosure of political contributions," he said. "We give people an opportunity to know when interests either inside or outside their community have tried to manipulate the process," he added.

## The year in review — 2000

### *Enforcing the Law*

**Major new enforcement programs.** The Commission and its **Enforcement Division** began or fully implemented three expedited enforcement programs in 2000. The programs involve late contribution reporting, major donor reports and Form 700 Statements of Economic Interests.

These expedited procedures made it possible for the Commission to handle a far greater number of reporting violation cases than in previous years. Briefly:

- A highly successful, streamlined and proactive enforcement program targets unreported late contributions. A key goal of the program is to increase awareness and compliance with late contribution reporting rules. Over \$2 million in unreported late contributions have been identified to date. Two benefits of the program are increased awareness of late reporting obligations and much more timely enforcement actions. A one-page form is used for enforcement stipulations instead of a lengthy legal document. An important part of the program involves outreach and education aimed at reducing the number of future violations. For example, persons who failed to file late contribution reports for the March 2000 primary election were notified of their potential fine by the summer of 2000 and were reminded of the need to file late contribution reports *prior to* the November 2000 general election. In 2000, 41 cases were prosecuted under this program.
- Another streamlined enforcement program involves actions against major donors who neglect to file separate major donor reports. The purpose of the streamlined program is to quickly and efficiently resolve most non-aggravated major donor cases by requiring violators to immediately file their overdue major donor campaign statements. Stipulated settlements are reached with the violators that include standardized administrative penalties. During 2000, 42 cases were prosecuted under this program.
- The Commission also fully implemented a streamlined enforcement program for unfiled Statements of Economic Interests, a program that has brought improved compliance levels and far-faster processing of such cases. During 2000, 46 cases were prosecuted under this program. In most of those cases, the Enforcement Division succeeded in getting the missing Statement of Economic Interests on file within months of the initial filing deadline. Early reports from 2001 indicate that the enforcement program has resulted in significant improvements in compliance by state and local filers.

In total, the Enforcement Division opened **858** enforcement case files in 2000. The Division prosecuted **174** administrative cases, far more than any other year in Commission history. In addition, the division prosecuted one civil case. The Commission assessed \$563,000 in fines and civil penalties. Enforcement Division staff made substantial progress on many additional prosecutions that will be presented to the Commission for final action in

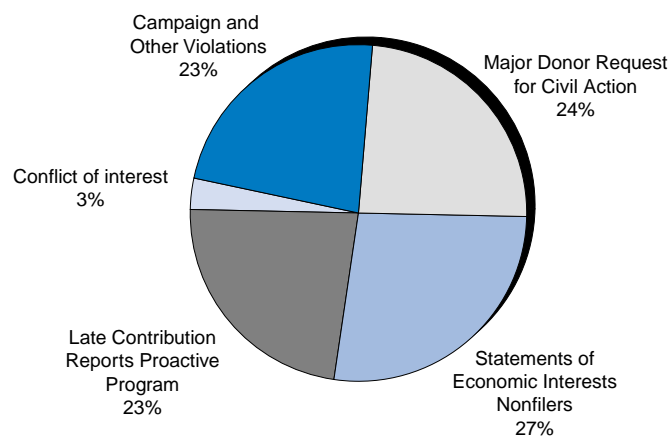
2001. Enforcement Division staff members also played key roles in providing assistance in a number of cases that resulted in criminal investigations and prosecutions for violations of the Political Reform Act. In those cases, the actual prosecution was done by local district attorneys or the state Attorney General, as the Commission has no criminal enforcement powers.

*Enforcing  
the Law  
(cont.)*

The cases prosecuted through civil or administrative actions in 2000 were as follows:

Type of Violation	Fine total	No. of Cases	Percentage
Major Donor Non-filers	\$27,200	42	24%
Statements of Economic Interests Non-filers	\$36,950	46	27%
Late Contribution Report Non-filers Proactive program	\$85,037	41	23%
Conflicts of Interest	\$16,250	5	3%
Campaign or other Violations	\$397,700	41	23%
<b>Totals</b>	<b>\$563,137</b>	<b>175</b>	<b>100%</b>

### Administrative & Civil Settlements January to December 2000



*Enforcing  
the Law  
(cont.)*

**Technology.** The Enforcement Division implemented a new database in 2000 to help it more efficiently receive and process complaints and conduct investigations. In addition, the division began exploring ways to use the electronic filing systems developed by the Secretary of State and several local jurisdictions to strengthen and expand the Commission's proactive enforcement monitoring programs.

Many cases prosecuted in 2000 involved the new, streamlined enforcement programs. But others involved other areas of the Political Reform Act, including:

- A \$70,000 administrative fine approved by the Commission in each of two cases involving laundering of campaign contributions.
- An \$8,000 fine approved against a former Franchise Tax Board employee for violating the revolving-door employment provisions of the Political Reform Act.
- A \$6,000 fine approved in the case of a city council that sent three mass mailings to residents of two communities in violation of Government Code Section 89001.

*Reaching Out  
to Inform the  
Public and  
Regulated  
Officials*

The Fair Political Practices Commission and its **Technical Assistance Division** staff worked diligently in 2000 to educate the public and regulated officials on the complex requirements of the Political Reform Act and the Commission's role and activities.

The Act itself has been amended more than 200 times since its passage by voters in 1974, most dramatically in 2000 through voters' passage of Proposition 34. A key part of the Commission's work in 2000 was dedicated to providing information and advice to public officials, candidates and other Californians on the ever-changing rules.

**Telephone advice.** Commission staff answered approximately 52,000 telephone calls for advice, guidance and other assistance during the year. January was the busiest month with 6,252 calls logged by the agency, of which at least 4,236 were calls for advice. October was not far behind January, with 5,803 calls logged, of which at least 4,351 were calls for advice.

The busiest day of the year on the phones was January 26, when 484 calls were received.

To further its goal of providing advice and guidance to as many regulated officials as possible, the Commission in 2000 launched its toll-free advice line, **1-866-ASK-FPPC**. The project was funded through the Commission's new Public Education Unit.

The Commission began in earnest to publicize the toll-free line through the FPPC web site and a variety of publications, seminars and other outreach efforts. The efforts began to bear fruit. Between the toll-free line's "opening day" on August 17, 2000, and the end of the year, 3,034 calls were received via the line.

Through various outreach efforts, local filing officers were reminded that they, too, are encouraged to call the toll-free number for help with their duties under the Political Reform Act.

Advice calls ranged from frequently asked questions on how to fill out various forms to more complex inquiries regarding potential conflicts of interest. Callers included city attorneys, city clerks and other filing officials, elected officials, local and state agency employees, campaign treasurers, attorneys, lobbyists, major donors, slate mailer organizations, candidates and other Californians.

**Seminars, training and workshops.** When they weren't answering the telephones, the Commission's Technical Assistance Division staff conducted 76 in-person seminars across California in 2000 with a total audience of approximately 3,400 persons. That's a significant increase from the estimated 2,000 attendees at such sessions in 1999. But the number is still only a fraction of those with obligations under the Political Reform Act who need training.

Many of the seminars included computerized visual presentations that helped audience members better understand key facts and requirements.

The seminar total does not include speaking sessions or workshops in which commissioners or staff from other divisions participated. The **Legal Division** staff conducted or participated in numerous events, including major forums related to conflict-of-interest training and the Conflict-of-Interest Regulation Improvement Project.

Forums were held on various aspects of the conflict-of-interest project in Silicon Valley, San Diego, San Francisco, and other locations.

Enforcement Division personnel also participated in the Commission's educational and outreach activities, including a panel presentation and conflict-of-interest class for the California District Attorneys Association.

**Filing officer training.** Using a targeted funding increase, the Commission implemented new outreach programs to systematically train local filing officers on their duties under the Political Reform Act. Such officers play an important role, typically distributing and processing many conflict-of-interest forms and campaign statements.

The outreach programs received many favorable reviews from those who participated.

An audit by the California State Auditor, completed in 1998, found that many filing officers received no oversight of their activities. The audit concluded that there is a risk that filing officers may not properly carry out their duties without adequate oversight and training. The new outreach program uses the services of seven staff services analysts who work alongside — and receive extensive training from — FPPC political reform consultants.

Outreach visits began in June 2000. At least three hours is spent with the local filing officer and his or her staff to review filing officer duties.

As of early January 2001, 29 cities and five counties received an outreach visit related to the campaign-related duties of local filing officers. Also as of early January, 32 outreach visits were made relating to the local filing officers' Statements of Economic Interests duties. The programs are continuing in full force in 2001.

The outreach visits were well received and many filing officers requested a follow-up visit.

*Reaching Out  
to Inform the  
Public and  
Regulated  
Officials  
(cont.)*

**Public Education and Outreach.** The first staff members were hired for the FPPC's new Public Education Unit, including an Associate Editor of Publications, a Political Reform Consultant and an Associate Information Systems Analyst. The staff members immediately began work on a number of projects, including:

- An upgrade of the Commission's web site, fully implemented in Spring 2001.
- Expansion of the Commission's in-house publication production capabilities.
- Major revisions of publications intended to make it easier for public officials and the general public to understand political reform rules and the services and work of the Commission.

The unit was established with a \$460,000 budget allocation approved by the state Legislature and the Governor. Staff members are responsible for writing and editing publications, handbooks, brochures, web-based information and other material about the complex disclosure and reporting laws governing public officials under the Political Reform Act of 1974, which created the FPPC. The unit will also become a repository of campaign finance and conflict-of-interest information, and its funding is also being used for the FPPC's new toll-free advice line, [1-866-ASK-FPPC](tel:1-866-ASK-FPPC).

The unit already has produced brochures explaining the general mission of the FPPC and the FPPC's investigation and enforcement procedures in plain language. Other initial projects included revising the format and content of the FPPC *Bulletin* and developing the *Resource Directory and Annual Report* for the agency.

The Public Education Unit is housed on the sixth floor of Commission headquarters at 428 J Street in downtown Sacramento.

The Commission in 2000 continued its increased participation in groups such as the Council On Governmental Ethics Laws (COGEL), a nationwide association of state and federal ethics and campaign finance agencies. The Commission Chairman made a presentation on California's financial disclosure laws at the COGEL 2000 conference.

The Commission also expanded its efforts to work with other groups whose members are directly affected by the Political Reform Act. For example, the Commission worked extensively with the League of California Cities on conflict-of-interest revisions, participated in conflict-of-interest training for new mayors and council members, and wrote articles on conflicts of interest and Proposition 34 for *Western Cities Magazine*. Commission Chairman Karen Getman and Commissioner Gordana Swanson conducted a "town meeting" with school board members at the California School Boards Association annual meeting, and information on frequently asked questions was published on the association's web site.

Another major presentation on conflict-of-interest rules was made at a University of California, Los Angeles, Land Use and Planning Conference. In addition, the Commission organized an all-day conference of California state and local campaign finance agencies to identify and address common issues, such as electronic filing of campaign reports.



**Media relations.** The Commission further emphasized its efforts to work with the media to inform the public about Commission meetings and other activities.

The Media Director, with help from other FPPC staff members and several student assistants, answered thousands of press inquiries and issued press releases throughout the year to inform the media of special news and events at the Commission.

Updated media mailing lists were developed, including lists of the Capitol press corps, media in major California cities, the legal press, representatives of specialized publications and political writers and editors.

Major media outreach efforts were made for several special programs and activities, including the Commission's Conflict-of-Interest Regulation Improvement Project, the federal civil court proceedings over the Proposition 208 campaign finance initiative, and Commission and judicial actions involving Oakland Mayor Jerry Brown's property holdings.

*An exhaustive, yearlong review of the complex conflict-of-interest rules enforced by the Fair Political Practices Commission is nearing completion, with consideration of several key regulations on the commission agenda for its monthly meeting on Friday, October 6.*

*Subjects under consideration include conflicts rules affecting realtors and other professionals who serve in public office, standards for disqualifying an official from voting and adoption of "user-friendly" language for understanding the rules....*

*The five-member commission has sought broad public input on the proposed regulations throughout the year. While the commission cannot change the law in the Political Reform Act of 1974, passed by 70 percent of voters as Proposition 9, the agency can make regulatory changes to simplify and clarify the law.*

*Commission Chairman Karen Getman called the conflicts rules "clearly one of the most complex and controversial aspects of the Political Reform Act... The original law is deceptively simple — a public official cannot 'attempt to use his official position to influence a government decision' on a matter in which he or she has a personal financial interest — but it has generated more confusion and frustration among public officials than any other aspect of the Act."*

— Excerpt from October 2, 2000,  
Fair Political Practices Commission  
press release

*Statement of  
Economic  
Interests  
Filing Duties*

The Commission's **Technical Assistance Division** staff in 2000 received, reviewed and processed 19,585 Statements of Economic Interests. These statements are the basic forms required of persons who are subject to the Political Reform Act's conflict-of-interest requirements.

Technical Assistance Division staff referred 51 cases to the Enforcement Division involving persons who failed to file their conflict-of-interest statements on time.

The Commission is the filing officer for officials listed in Government Code section 87200. The Commission also serves as the enforcement agency for many other Statements of Economic Interests filed with other state and local agencies.

**New database.** Technical Assistance Division staff implemented a sophisticated new computer database that greatly streamlines the processing and filing of Statements of Economic Interests.

Two years in the planning, the database allows division staff to spend more time reviewing the statements and less time doing clerical work. The new database began operating in April 2000. Advantages of the new system include:

- Faster and more efficient logging of received statements. Staff report that the new system approximately cut in half the time required for logging.
- More efficient tracking of statements for logging, filing and enforcement purposes.
- Quicker location and retrieval of previously filed statements for agency and public inspection.
- Better tracking of statements filed by those who must file multiple statements under the Political Reform Act.

*Interpreting  
the Law*

**Proposition 34.** On November 7, 2000, California voters approved Proposition 34, which amended the Political Reform Act. While perhaps best known for its limits on campaign contributions in state races, the statutory changes made by the proposition also significantly impact other areas of the law.

The Commission is undertaking a major effort to implement Proposition 34. The project began in late 2000 and is continuing in earnest in 2001. FPPC attorneys and technical experts — members of an internal agency task force named shortly after the election — began tackling the campaign provisions of the new law, including contribution limits, voluntary spending limits, expanded 24-hour reporting, issue advocacy disclosure, and the applicability of the measure to local jurisdictions.

**Conflict of Interest — Phase Two.** The Commission and its staff completed Phase 2 of a major project to simplify and improve the often-complicated regulations on conflicts of interest. The new regulations were approved by the Commission in 2000 took effect Feb. 1, 2001.

Hundreds of public officials from throughout California attended training and education sessions on how to comply with the conflict rules and seek advice from FPPC staff. The project further improved and simplified the eight-step process developed to help public



officials determine when they may have a potential conflict of interest related to an official act.

On February 1, 2001, amendments generated by Phase 2 of the Conflict-of-Interest Regulations Improvement Project (adopted on December 8, 2000) took effect. Phase 2 consisted of amendments to regulations 18701, 18702.1, 18703.5, 18704.2, 18704.5, 18705, 18705.2, 18705.3, 18705.5, 18707, 18707.1–18707.3, 18707.7, 18708, and 18730 and the adoption of new regulations 18230, 18232, and 18707.9. In addition, regulation 18705.1 was repealed and reenacted with new language.

The Phase 2 amendments impact almost all of the steps in the standard conflict-of-interest analysis.

**Bipartisan Commission on the Political Reform Act of 1974.** The Bipartisan Commission on the Political Reform Act of 1974, also known as the McPherson Commission, issued its report in September 2000. The FPPC provided information and other assistance to the bipartisan commission as it conducted its work.

Legislation by Sen. Bruce McPherson (R-Santa Cruz) created the bipartisan commission in 1998 to study the FPPC and the Political Reform Act and to make suggestions for changes in the law. The bipartisan commission formally presented its findings to the FPPC on Sept. 8, 2000. A summary of the bipartisan commission's final report and recommendations is attached to the Resource Directory as Appendix V.

Also discussed before the FPPC was a report prepared for the bipartisan commission by the Institute of Governmental Studies (IGS) at the University of California-Berkeley. That report included comments from focus groups of campaign treasurers, journalists and political law attorneys.

Several of the McPherson Commission's recommendations, intended to simplify the Act and facilitate compliance, have become law through legislation or regulation.

**Litigation.** The Legal Division was hard at work in 2000 with its continued representation of the Commission in major cases. Some highlights of the year include:

***California ProLife Council Political Action Committee et al. v. Scully et al.***

The second U.S. District Court civil trial over Proposition 208, which took place in July 2000, attracted broad media attention and included such well-known witnesses as former presidential candidate Michael Dukakis.

Witnesses called by Fair Political Practices Commission attorneys for the defense of the initiative included Dukakis, a former Massachusetts governor and the Democratic nominee for President in 1988, and San Francisco Board of Supervisors President Tom Ammiano, a former mayoral candidate in San Francisco.

Challengers of the initiative called their own set of well-known witnesses, including state party officials and Garry South, Governor Gray Davis' top political adviser.

Other witnesses included prominent political scientists and political consultants.

Testimony from both sides was lively and added to the national debate over whether strict limits on political donations make elections more democratic or make it more difficult for candidates to get their messages out to voters.

Dukakis, in his testimony for defenders of Proposition 208, said candidates should run grassroots campaigns backed by volunteers instead of relying on expensive television advertisements and telephone banks.

“There’s no human face to politics anymore,” Dukakis said in the Sacramento federal courtroom.

But witnesses for Proposition 208 challengers declared that California is an expensive place in which to mount an effective political campaign and that it can be impossible to find an adequate number of campaign volunteers. Some witnesses said strict contribution limits favor wealthy, self-funded candidates.

Proposition 208, passed by voters in 1996, included contribution limits, voluntary expenditure limits and strengthened disclosure provisions. It was challenged in court shortly after its passage in 1996. After a three-week trial before Judge Karlton in 1997, the judge issued a preliminary injunction, finding that Prop. 208’s contribution and expenditure limits violated the U.S. Constitution.

The FPPC appealed that decision to the 9th U.S. Circuit Court of Appeals, which in January 1999 issued an order affirming the preliminary injunction and sending the matter back to Judge Karlton for further proceedings and a final judgment.

Prior to a final ruling after the second trial in July 2000, Proposition 208 was largely repealed by Proposition 34, another campaign finance measure passed by voters in November 2000.

The five major plaintiffs in the Proposition 208 case were the California Democratic Party, the California Republican Party, the California ProLife Council PAC, a slate mailer organization and a group of public employee unions. “Intervenors” in the case, who joined the FPPC in defending the initiative, were Tony Miller and Ruth Holton.

In March 2001, United States District Court Judge Lawrence Karlton declared unconstitutional two provisions of Proposition 208 affecting slate mail. Those two provisions of Proposition 208 were the only remaining sections of the initiative still in litigation.

Eleven other provisions of Proposition 208 were not repealed by Proposition 34 and were unchallenged by plaintiffs in the litigation. These provisions, largely concerning advertising disclosure, went into effect on January 1, 2001.

### *California ProLife Council PAC v. Karen Getman et al.*

Plaintiff sued the FPPC, the state Attorney General, and the Sacramento County District Attorney, seeking an injunction barring enforcement of certain of the Act’s record-keeping and disclosure requirements with respect to ballot measure advocacy, in part because these requirements are said to regulate protected issue advocacy. The FPPC joined the Attorney General in a motion to dismiss much of the complaint, and in opposition to plaintiff’s motion for a preliminary injunction. After reviewing the motion to dismiss, plaintiff filed an amended complaint, requiring a further motion to dismiss. On October 19, the court heard argument on the motions presented by both sides, denying plaintiff’s motion for preliminary injunction and dismissing seven of the ten counts in the amended complaint. Plaintiffs subsequently dismissed the Sacramento County District Attorney, and the remaining defendants — the FPPC and the Attorney General — answered what was left of the complaint. Trial is set for June 24, 2002, and the parties will begin discovery in the near future.

***Jerry Brown v. Fair Political Practices Commission***

Oakland Mayor Jerry Brown was the subject of an opinion request from the Oakland City Attorney (see *Hicks, Joyce M.*, 13 FPPC Ops. 11, Opinion # 0-99-314). The Commission determined that Mayor Brown was not “legally required” per § 87101 of the Act to participate in governmental decisions from which he would otherwise be disqualified because of his real estate holdings in an area affected by the decisions in question. Brown sought a writ of mandate from the First District Court of Appeal, which found in his favor. The Commission withdrew its opinion, and the California Supreme Court declined to review the matter.

***California Strawberry Commission v. Fair Political Practices Commission***

After reviewing a request by the United Farm Workers, the Commission ordered the California Strawberry Commission to amend its conflict-of-interest code. The Strawberry Commission sought a court order blocking the FPPC action under Code of Civil Procedure § 1085, but the court found that the UFW had standing to request the amended code, and that the FPPC order met the requirements of the law.

***Kenneth Kao, et al. v. Karen Getman, Chairman, Fair Political Practices Commission***

§ 85320 of the Act prohibits contributions from foreign persons and corporations. This suit arose in a dispute over whether the prohibition applies to U.S. citizens living abroad. The federal district court enjoined the FPPC from enforcing § 85320 against such persons; meanwhile, the FPPC and the Secretary of State co-sponsored legislation which clarified the Act, allowing the contributions. The new language took effect January 1, 2001.

***People v. Snyder***

The Los Angeles County District Attorney prosecuted a lobbyist for money laundering under § 84301 of the Act. The Court of Appeals reversed the conviction, but the California Supreme Court reversed the appellate court, affirming that lobbyists are subject to criminal prosecution for violation of § 84301. The FPPC appeared as *amicus curiae* in both the appellate and Supreme Court proceedings.

**Promulgation of Regulations.** In addition to the major conflict-of-interest regulatory changes described previously, in April 2000 the Commission amended 2 C.C.R. § 18427.1 regarding notification to major donors. In September the Commission adopted new § 18465 regarding online lobbyist disclosure. Sections 18940.2, 18942.1, 18943, and 18730 regarding gift limits were amended on November 3, 2000. New CalPERS regulations in §§ 18453 and 18997 were adopted on November 3, 2000.

**Formal Opinions.** The Commission in 2000 issued formal opinions on matters of significant public interest. The practice of issuing formal opinions was resumed in 1999 after a one-year hiatus. The opinions issued last year include:

***Galligan, Joe, City Councilmember, Burlingame***  
(2000) 14 FPPC Ops. 1 O-00-045

On the facts presented, it was not reasonably foreseeable that a decision whether to certify an environmental impact report would have a material financial effect on a city council member's economic interest in the bank that held the mortgage on the subject property. Additionally, the Commission decided not to interpret Regulation 18706, which requires that the material financial effect occur *as a result* of the governmental decision, to require that the effect be one that would not occur but for the decision. Instead, the only causation required is that enunciated in *In re Thorner*: that a material financial effect be substantially likely. ((1975) FPPC Ops. 198.)

***Hicks, Joyce M., Assistant City Attorney, Oakland***  
(1999) 13 FPPC Ops. 11 O-99-314

The "rule of legally required participation" in Section 87101 does not apply to certain decisions made by the mayor of Oakland pursuant to the City's Charter.

**WITHDRAWN** on November 3, 2000, in accordance with the writ of mandate issued by the First District Court of Appeal in the matter *Jerry Brown v. Fair Political Practices Commission*, (2000) 84 Cal.App.4th 137.

***Lucas, Steven S.***  
(2000) 14 FPPC Ops. 14 O-00-157

For purposes of the permanent ban on certain types of post-government employment, a former deputy director of the Board of Equalization has "participated" in a decision when the official has taken part "personally and substantially" in it through various enumerated means. Where the official was responsible primarily for creation and implementation of general policies and had no personal involvement in the individual audits conducted by subordinate agency employees, the official will not be deemed to have "participated" in those audits for purposes of the permanent ban.

***Solis, Hilda, L., State Senator***  
(2000) 14 FPPC Ops. 7 O-00-104

An elected state officer may accept a silver lantern worth between \$8,000 and \$10,000 as the recipient of the Profile in Courage Award from the John F. Kennedy Library Foundation, a nonprofit organization. The award meets the exception to the restrictions on gifts under FPPC Regulation 18946.5, because the award was won in a bona fide nationwide competition among statesmen unrelated to the recipient's status as a California official.

***Wood, William P., Chief Counsel, Secretary of State***  
(1999) 13 FPPC Ops. 21 O-99-315

For purposes of imposing penalties for late filing of a statement or report under Section 91013 of the Act, the paper version and the electronic version of a statement or report are each considered to be an original. The deadlines set out in Section 91013(a) apply to both the original electronic filing and the original paper filing submitted by a filer.

**Advice Letters.** In 2000, written advice was provided in answer to 278 requests. Of these, more than half dealt with conflicts of interest; 14 percent requested advice on campaign contributions and spending; and the rest concerned gift limits, post-government employment restrictions, and other provisions of the Political Reform Act.

**Legislation.** The Commission and its staff followed a long list of significant legislation in 2000 involving the Political Reform Act. Each of these amendments took effect January 1, 2001. The specific changes by topic are:

### **Campaign Reporting**

- The name and address of, and payments made to, ballot measure petition circulators are no longer required to be disclosed (§ 84211(r), SB 917, Ch. 161).
- The subvendor reporting threshold has been increased from \$100 to \$500 (§ 84211, SB 2076, Ch. 853).
- Any outstanding loans will now be disclosed on each campaign report (§ 84211, SB 2076, Ch. 853).
- A detailed travel log is no longer required for travel expenditures (§ 84211(j)(7) repealed, SB 2076, Ch. 853).
- U.S. citizens living abroad are no longer prohibited from making contributions to ballot measures, and soliciting and accepting contributions from those individuals are no longer prohibited (§ 84320, AB 746, Ch. 349).

### **Changes Affecting Candidates**

- Local candidates file Candidate Intention Statements (Form 501) with local filing officers rather than the Secretary of State (§ 85200, SB 2076, Ch. 853).
- The amount of direct personal benefit flowing from an expenditure of campaign funds necessary to trigger a “substantial personal benefit” for personal use purposes increases from \$100 to \$200 (§ 89511, AB 746, Ch. 349).
- The Secretary of State will remove bank account information reported on Form 410 before it is posted on the Internet (§ 84602, SB 2108, Ch. 319).

### **Campaign Statements**

- The salary that triggers a semi-annual statement for elected officials who have not received contributions or made expenditures has increased from \$100 to \$200 per month (§ 84200(a)(2), AB 974, Ch. 130).
- The level of contributions that triggers a supplemental pre-election statement for a candidate or committee was raised from \$5,000 to \$10,000 (§ 84202.5, AB 974, Ch. 130).
- The level of contributions to elected state officers that will trigger off-year reports increases from \$5,000 to \$10,000. (§ 84202.7, AB 974, Ch. 130).
- The level of independent expenditures by a candidate or committee that will trigger a supplemental independent expenditure report increases from \$500 to \$1,000 (§ 84203.5, AB 974, Ch. 130).

### **Statements of Economic Interests and Conflicts of Interest**

- The threshold value of an investment deemed an economic interest increases from \$1,000 to \$2,000 (§§ 82034, 87103(a), and 87206(d), AB 974, Ch. 130).
- The threshold value of real property deemed an economic interest increases from \$1,000 to \$2,000 (§§ 82033, 87103(b) and 87206(d), AB 974, Ch. 130).
- The disclosure ranges change to create a range between \$100,001 and \$1,000,000 and another above \$1,000,000 (§87206(d), AB 974, Ch. 130).
- The threshold of income from a single source deemed an economic interest increases from \$250 to \$500 (§ 87103(c), AB 974, Ch. 130).

### **Enforcement**

- The maximum civil penalty available for violations of Sections 84300 (prohibits cash contributions of \$100 or more), 84304 (prohibits anonymous contributions of \$100 or more), 86203 and 86204 (prohibition on lobbyist gifts exceeding \$10 per month and penalty for accepting such a gift) is increased from \$500 to \$1,000.

## Chaptered But Not Amending the Political Reform Act

- Creation of the California Commission on Internet Political Practices, with 13 members, two appointed by the Chairman of the FPPC (AB 2720, Ch. 975).
- Legislative intent language directing the FPPC to amend its regulations to minimize unwarranted disqualification, to clarify that possession of a professional license does not of itself give rise to disqualification, and to clarify that one industry, trade or profession is not necessarily prohibited from constituting a significant segment of the public for the purposes of establishing applicability of the “public generally” exception (AB 1838, Ch. 352).

*Interpreting  
the Law  
(cont.)*

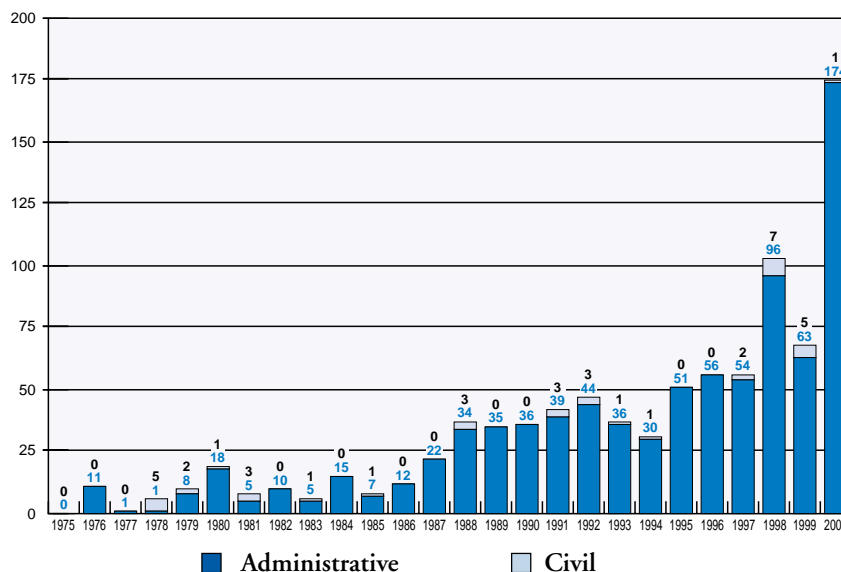
The **Administration Division** continued to efficiently perform all the many services necessary to keep the agency functioning on a lean budget. Administrative service, personnel functions, computer network operation, public reception, purchasing and the in-house printing of tens of thousands of copies of publications, forms and other documents were just a few of the daily tasks accomplished.

*Administration*

Major Administration Division initiatives in 2000 included planning for a reorganization of office space in the FPPC’s longtime headquarters building in downtown Sacramento. The move, accomplished in early 2001, gives the agency a much larger public reception area, with plans for a public document viewing room and resource library. The FPPC continues to occupy space on just three floors of the building, but with a more efficient and coordinated arrangement.

In the area of information technology, division personnel installed new workstations for agency personnel, upgraded the agency’s web server computer, and worked with outside vendors on the creation of the enforcement and Statements of Economic Interests databases and the new FPPC web site.

## Enforcement Administrative & Civil Cases Number of Cases Prosecuted from 1975–2000

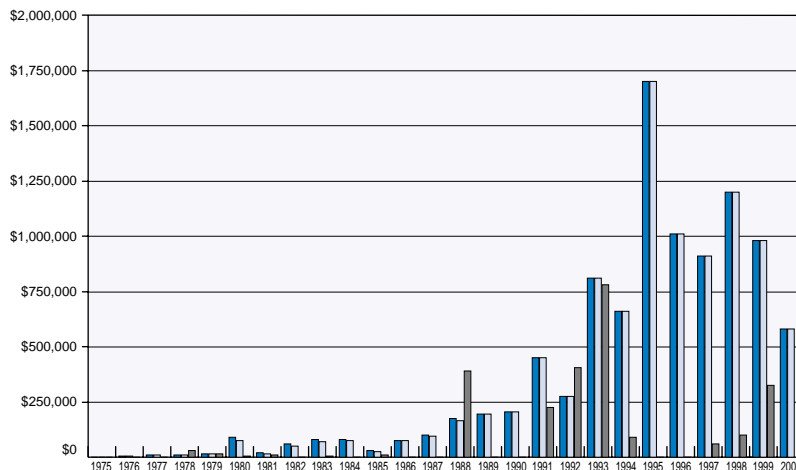




## Enforcement Actions Summary of Fines Assessed and Imposed

*1975 through 2000*

Year	No. of Cases	Administrative Actions			Civil Judgments Fines Assessed
		Fines Assessed	Fines Waived	Fines Imposed	
1975	0	\$0	\$0	\$0	\$0
1976	11	\$1,400	\$500	\$900	\$0
1977	1	\$4,000	\$0	\$4,000	\$0
1978	1	\$4,500	\$0	\$4,500	\$25,250
1979	8	\$6,820	\$0	\$6,820	\$6,500
1980	18	\$79,600	\$35,950	\$43,650	\$1,000
1981	5	\$14,600	\$3,000	\$11,600	\$5,000
1982	10	\$57,500	\$10,750	\$46,750	\$0
1983	5	\$71,100	\$12,500	\$58,600	\$1,250
1984	15	\$72,200	\$4,000	\$68,200	\$0
1985	7	\$24,750	\$5,000	\$19,750	\$9,000
1986	12	\$37,400	\$1,250	\$36,150	\$0
1987	22	\$97,900	\$6,000	\$91,900	\$0
1988	34	\$154,600	\$10,500	\$144,100	\$367,500
1989	35	\$182,250	\$0	\$182,250	\$0
1990	36	\$219,000	\$0	\$219,000	\$0
1991	39	\$463,550	\$0	\$463,550	\$235,000
1992	44	\$276,450	\$0	\$276,450	\$415,000
1993	36	\$833,050	\$0	\$833,050	\$772,000
1994	30	\$656,800	\$0	\$656,800	\$85,000
1995	51	\$1,698,050	\$0	\$1,698,050	\$0
1996	56	\$1,026,221	\$0	\$1,026,221	\$0
1997	54	\$912,650	\$0	\$912,650	\$47,000
1998	96	\$1,190,790	\$0	\$1,190,790	\$95,490
1999	63	\$968,500	\$0	\$968,500	\$309,900
2000	174	\$554,037	\$0	\$554,037	\$9,100
<b>TOTALS</b>	<b>863</b>	<b>\$9,607,718</b>	<b>\$89,450</b>	<b>\$9,518,268</b>	<b>\$2,383,990</b>





## Looking ahead in 2001

Building on the accomplishments of 2000, the Fair Political Practices Commission is moving ahead on many projects and initiatives ranging from simplifying forms and instructions to upgrading the FPPC web site, [www.fppc.ca.gov](http://www.fppc.ca.gov).

As it improves existing programs and launches new efforts, the Commission will continue and expand its emphasis on streamlined, proactive enforcement as well as public outreach and education.

- Staff priorities for 2001 include expanding and implementing streamlined enforcement procedures, focusing on proactive investigation of violations and developing an enforcement priorities plan.
- The Commission also is undertaking an ambitious project to improve and simplify campaign reporting requirements and forms. The Commission is exploring and developing ways to make it easier for candidates, committees and elected officials to comply with campaign disclosure laws, while making campaign data more accessible to the public. As it did during its exhaustive review of conflict-of-interest rules, the Commission is actively seeking public input and suggestions for improvement.
- The Commission is working to implement Proposition 34, the campaign finance measure approved by voters in the November 2000 statewide general election. Commission staff attorneys and technical experts — members of an internal agency task force named shortly after the election — are tackling the campaign provisions of the new law. The implementation will require new regulatory language as well as changes in forms and instructions, and the agency is seeking input from the public on both the interpretation of the proposition and the implementation process.
- The Commission is in the final stages of implementing an improved, easier-to-use web site that will greatly simplify public access to an array of Commission documents and educational materials.
- The Commission will continue to expand its outreach and education programs, combined with proactive enforcement. These efforts include increased appearances by commissioners and staff as speakers and presenters, expanded contact with the media, development of additional written and web-based materials, and continued active work with groups such as the Council On Governmental Ethics Laws and the California District Attorneys Association.
- The Commission looks forward to working with the new Bipartisan Commission on Internet Political Practices. The 13-member advisory panel was created to recommend adjustments to the Political Reform Act in light of the rapidly expanding role of the Internet in politics.

## Other Resources

### *For your information*

The agencies listed here may be able to provide answers to your questions about campaign and lobbyist reports, federal election issues, criminal prosecution of campaign law violations and other issues.

The **California Secretary of State** issues ID numbers to candidates and committees, registers lobbyists, receives campaign and lobbying disclosure reports, provides technical assistance to filers and maintains disclosure reports for public access.

#### **California Secretary of State**

Political Reform Division

1500 11th Street, Room 495

Sacramento, CA 95814

Tel: (916) 653-6224

Fax: (916) 653-5045

<http://www.ss.ca.gov/prd/prd.htm>

The **Federal Election Commission** (FEC) administers and enforces the federal statute that governs the financing of federal elections, including races for the House of Representatives, the U.S. Senate, and president.

#### **Federal Election Commission**

999 E Street, NW

Washington, DC 20463

Tel: (800) 424-9530

Tel: (202) 694-1100

TTY (202) 219-3336

<http://www.fec.gov>

The **Attorney General** is the elected head of California's Department of Justice. The Attorney General represents the people of California before trial, appellate, and Supreme Courts of California and the United States in criminal and civil matters; serves as legal counsel to State officers, boards, commissions, and departments; and assists district attorneys in the administration of justice.

#### **Office of the Attorney General**

Department of Justice

1300 I Street

P.O. Box 944255

Sacramento, CA 94244-2550

Tel: (916) 445-9555

Tel: (800) 952-5225

<http://caag.state.ca.us>

Your **local district attorney** is responsible for prosecuting criminal violations of state laws. For contact information, check local directory listings under county offices.

### **State Franchise Tax Board**

Tel: (800) 338-0505

<http://www.ftb.ca.gov>

- Political Reform Audits
- Committee Tax Status
- Tax Deductible Contributions
- Charitable Non-Profit Groups
- Other Tax-Related Questions

### **Council on Governmental Ethics Laws**

(COGEL) – <http://www.cogel.org>

Provides links to many other state ethics and campaign finance commissions.

### **Internal Revenue Service**

Tel: (800) 829-1040

<http://www.irs.ustreas.gov>

- Federal Taxpayer I.D. Numbers
- Any Other Tax-Related Questions

## **Local Government Ethics Agencies/Commissions**

### **City of Berkeley: Fair Campaign Practices Commission**

Office of the City Attorney

Tel: (510) 981-6950

Fax: (510) 981-6960

<http://www.ci.berkeley.ca.us/commissions/faircampaign/default.htm>

### **City of Los Angeles: The Los Angeles City Ethics Commission**

Tel: (213) 847-0310

Fax: (213) 485-1093

<http://www.lacity.org/eth>

### **City of Chula Vista: Board of Ethics**

Tel: (619) 585-5667

Fax: (619) 476-5305

### **City of San Jose: Campaign Finance Review and Ethics Board**

Tel: (408) 277-4424

Fax: (408) 277-3285

### **City of Oakland: Oakland Public Ethics Commission**

Tel: (510) 238-3593

Fax: (510) 238-3315

<http://www.oaklandnet.com/government/government10.html>

### **San Francisco: San Francisco Ethics Commission**

Tel: (415) 581-2300

Fax: (415) 581-2317

<http://www.ci.sf.ca.us/ethics>



# Appendix I

## Fair Political Practices Commission

### Statement of Governance Principles





## FAIR POLITICAL PRACTICES COMMISSION

### STATEMENT OF GOVERNANCE PRINCIPLES

*Adopted by a 5-0 vote of the Fair Political Practices Commission January 12, 2001*

To ensure that the accountability and authority for governance and management of the Fair Political Practices Commission is clearly stated, the Commission adopts the following governing principles to identify and distinguish among the roles of the Commission, the Chairman, and the Executive Director.

#### I. THE COMMISSION

All authority granted by statute to the Commission is retained, except as specifically delegated below. The Commission's statutory duty is to ensure that the Political Reform Act is impartially and effectively administered and implemented. The Commission accomplishes that duty in the following manner:

##### A. The Commission proposes, adopts and monitors policies for the FPPC.

This includes:

1. Approving annual policy goals and objectives and evaluating efforts made to meet those goals and objectives.
2. Approving the FPPC's annual budget.
3. Interpreting the Act, through regulations, opinions and such other means as the Commission deems appropriate and lawful.
4. Enforcing the Act, by hearing administrative actions, authorizing civil actions, approving stipulations and such other means as the Commission deems appropriate and lawful.
5. Authorizing actions taken to defend the Act in the courts.
6. Taking positions on legislative efforts to amend the Act.
7. Authorizing issuance of forms and manuals used to comply with the Act.

##### A.A The Commission ensures the proper management of the FPPC. This includes:

- 1.1 Selecting, evaluating, and, if necessary, taking disciplinary action against the Executive Director.
- 1.2 Delegating execution of established Commission policy and strategic objectives to the Chairman and Executive Director and, through the Executive Director, re-delegation to the employees of the Fair Political Practices Commission.
- 1.3 Ensuring the integrity of the financial control and reporting system and the FPPC's compliance with all laws governing the agency.

- A.B **The Commission ensures the proper conduct and governance of the Agency.**  
The Commission strives to achieve a governing style that encourages efficient operations, frank and collegial discussions among members of the Commission, the staff and the public, and fairness to persons whose compliance with the Act is called into question. To this end, each commissioner shall:
- 2.1 Comply with the statutory qualification requirements and the Statement of Incompatible Activities adopted by the Commission.
  - 2.2 Prepare for and govern through the regularly scheduled Commission meetings.
  - 2.3 Between meetings communicate to staff through the Executive Director or Chairman, who shall ensure that all commissioners receive the benefit of information and advice provided to each individual commissioner.
  - 2.4 Maintain the confidentiality of all confidential information acquired during the course of the Commission's work.
  - 2.5 Disclose to the Chairman and Executive Director any relationship or interest that is likely to create an appearance of bias or impropriety in connection with the Commission's work.
  - 2.6 At all times meet high ethical standards that exceed legal minimums, including refraining from activities that suggest partisanship or other bias by the Commission or individual Commissioners.
  - 2.7 Apprise the Chairman and Executive Director of all significant activities pertinent to the work of the Commission.

## II. THE CHAIRMAN

The Chairman, appointed by the Governor, is the presiding officer of the Commission.  
The Chairman:

- A. Provides leadership and guidance to the Commission and staff regarding all aspects of FPPC policy.
- B. Acts on behalf of and in the name of the Commission between meetings of the Commission, including certifying actions taken by the Commission.
- C. Speaks for and represents the Commission in communications with the public, the press and government institutions.
- D. Provides daily oversight of the management of the FPPC.
- E. Reports on a regular basis to the commissioners on actions taken on behalf of the Commission.
- F. With input from commissioners and staff, sets the Commission agenda, prioritizing and scheduling agenda items as appropriate.
- G. Conducts Commission meetings with reference to *Robert's Rules of Order* and other rules adopted by the Commission.



- H. Ensures that the information provided to the Commission is comprehensive, timely, impartial and not unduly burdensome.
- I. Proposes and, with Commission approval implements short term and long term goals and priorities for the Commission and staff.
- J. Reports to the Commission on achievement of its goals and priorities.

### **III. THE EXECUTIVE DIRECTOR**

The Commission delegates to the Executive Director primary responsibility for the operations and management of the agency. The Executive Director is responsible for ensuring that the Chairman and the Commission are fully informed regarding the operations and management of the FPPC. The Executive Director:

#### **A. Acts as the chief of staff of the FPPC.**

- 1. Selects, regularly evaluates and, when necessary, disciplines or dismisses executive staff.
- 2. With the input of the division chiefs, hires, promotes and, when necessary, disciplines or dismisses other staff.
- 3. Prepares or approves all office policies, including:
  - a. Work hours/flexible schedules/telecommuting of staff
  - b. Handling of communications within and outside the agency, including e-mail and public records act policies
  - c. Policies affecting all employees, such as the agency dress code
  - d. Creation and maintenance of duty statements for all staff positions
  - e. Training and development of staff
  - f. Handling of special assignments and staff projects
  - g. Productivity and time-keeping systems
  - h. Evaluation policies and reports
- 4. Receives and coordinates requests from commissioners regarding staff work and, in consultation with the Chairman and division chiefs, prioritizes such requests.

#### **B. Acts as the chief budgetary and administrative officer of the FPPC.**

- 1. In consultation with the Chairman, proposes the annual budget to the Commission.
- 2. Reports regularly to the Chairman and Commission on the status of FPPC finances, administrative actions, goals and achievements.
- 3. Prepares and submits budget change proposals, requests for deficit funding and other budgetary documents.

4. Retains final approval for all fiscal analyses prepared at the request of the Legislature, Legislative Analyst or Department of Finance.
  5. Retains final approval for all expenditures.
  6. Authorizes unbudgeted expenditures, when appropriate, up to \$25,000.
- C. **Acts in the name of the Commission with respect to the following statutory duties:**
1. Conducts probable cause hearings.
  2. Reviews and approves conflict-of-interest codes.
  3. Reviews, approves, and signs subpoenas.
  4. Executes oaths and affirmations.

# Appendix II

## Fair Political Practices Commission

### Planning Objectives





## FAIR POLITICAL PRACTICES COMMISSION

### Memorandum

**To:** Commissioners Deaver, Makel, Scott and Swanson

**From:** Chairman Getman

**Date:** August 28, 2000

**Re:** Commission planning objectives for calendar year 2001

After extensive discussions with staff, and consideration of proposals put forward by commissioners and the public, we have developed the following list of projects to focus our activities in calendar year 2001. These projects are by no means exclusive, but will help set staff priorities for the coming year.

#### 1. Enforcement

In the area of enforcement, staff priorities will include continuing to **expand and improve our implementation of expedited enforcement procedures**; focusing resources on proactive **investigation of Political Reform Act violations**; and development of an **enforcement priorities plan**.

We will continue to implement and improve the streamlined enforcement programs developed in 1999–2000 with regard to Statements of Economic Interests, Major Donor Reports and Late Contribution Reports, and to monitor whether those programs have increased timely compliance with the PRA. We will look for other areas of enforcement that lend themselves to similar streamlined approaches.

As those streamlined procedures free up resources for other projects, we will continue to expand our efforts to dedicate resources (staff and time) to targeted proactive enforcement efforts. Those investigations will concentrate in areas of priority to the Commission, such as money laundering, contributions to members of appointed boards and commissions, and conflicts of interest in general.

We will work on developing written goals and objectives for the Enforcement Division. The document will be a dynamic one, intended to identify short and long-term priorities, establish approaches that maximize efficiency of efforts expended on those priorities, and provide means for testing the effectiveness of those approaches at meeting the Commission's goals.

## 2. Campaign reporting simplification project

With our conflict-of-interest simplification project scheduled for completion by the end of this year, staff next year will turn their focus to a [major review of the campaign reporting rules](#).

While FPPC staff has undertaken many laudable simplification projects over the years, the Commission itself has not, to our knowledge, previously made the entire set of reporting rules the subject of its public review and scrutiny. Nor has the Commission provided guidance to staff on such difficult policy questions as what should be mandatory vs. recommended, and how to fairly and consistently apply the rules to individual, often unique situations without compiling a body of “underground regulations” on campaign reporting. While the project still is in the planning stages, we anticipate proceeding along the following lines:

This fall, we will contact interested persons and groups throughout the state to gather their input on the areas of reporting that most need Commission attention. This will help staff develop a list of proposed projects and suggested priorities.

Early next year, staff will present to the Commission an overview of the campaign reporting rules. This overview will begin with a review of the actual language of the PRA concerning campaign reporting, as the statute provides the core requirements underlying our reporting scheme. We also will discuss the purposes for the various types of disclosure mandated by the PRA, and the limitations on disclosure, both technological and legal. This process should help us formulate some core principles to guide our review throughout the year, including the answers to the following questions:

- What are the core elements of the disclosure plan envisioned by the PRA?
- What are the adjunct elements necessary to make that disclosure plan work for candidates, the public and the press?
- What types of disclosure are so important to this scheme that they demand a legally enforceable requirement? Are there other categories of disclosure that are desirable and should be encouraged but not necessarily mandated through threat of an enforcement action? How should our regulations, campaign manuals and telephone advice reflect these different categories?
- How can the disclosure be collected and presented in a way that is accessible and useful to the public and the news media, yet not be so burdensome or difficult as to result in unintentional mistakes by candidates and treasurers?

Applying the principles developed through this process, the Commission each month will review particular categories of disclosure (e.g., monetary contributions; non-monetary contributions; loans; etc.), our current statute, regulations and advice on the subject, and suggestions for change. Throughout this process we will continue to expand our efforts to involve the public, including the use of our web site and expanded mailing lists, as well as contact groups, press releases, working groups and “interested persons” meetings. As with the conflict-of-interest project, we will make tentative decisions each month but schedule final regulatory adoption and legislative proposals only after the entire review is completed.

Should the campaign reporting simplification project prove to be an effective and worthwhile endeavor, we will proceed with [similar projects aimed at SEI and lobbyist reporting](#).

### 3. Start up of the Public Education Unit

One of our major priorities for the coming year will be [the establishment of the Public Education Unit](#). Once we have on board the primary employees of the Unit, including a publications editor and a web site specialist, we will begin the task of identifying priority projects for the Unit. While we are doing so, however, we fully intend to begin work on some necessary projects, such as developing a “how to” manual for new candidates, and acquiring the capability to have the public appear at Commission meetings via remote video access. We already have completed work on two priority projects for the Unit — initiation of a toll-free help line ([1-866-ASK-FPPC](#)) and a CD-ROM version of the PRA — and soon we will begin collecting all local conflict-of-interest codes.

### 4. Continuing to expand our outreach efforts

Throughout the year, we will continue to expand the FPPC’s role as a resource to the public and the press on issues of campaign finance and conflicts of interest. These efforts include increased appearances by commissioners and staff as speakers, presenters, and resources at conventions, seminars, meetings, and other places where our constituent groups gather; expanded contact with the media; development and dissemination of additional written materials, from articles and op-eds to fact sheets and handbooks; continued and regular contact with organizations, government groups and non-profits whose input we value, and active membership in groups like the California District Attorneys Association and the Council of Governmental Ethics Laws.





# Appendix III

## Fair Political Practices Commission

### Press Policies and Guidelines





## FAIR POLITICAL PRACTICES COMMISSION

### *Press Policies and Guidelines*

**General Policy.** In general, the press policy of the Fair Political Practices Commission is to answer reporters' questions as accurately, thoroughly and promptly as possible, within the limitations applied to public disclosure of information about enforcement investigations (see below).

A fundamental function of the Fair Political Practices Commission under the Political Reform Act, which established the Commission in 1974, is to provide public information about campaign disclosure requirements and the personal financial interests of public officials, candidates for public office and lobbyists. The news media are an important link to the public and instrumental in the public's right to know the actions of government.

Although there will always be a certain adversarial nature to the relationship between the news media and the governmental agencies and public figures they cover, it is important that those agencies be as open and accessible as possible in providing reporters with public information. Such openness and accessibility on the part of public agencies also generally result in stories, which are more thorough, factual and fair. It is absolutely not advisable — or even legally permissible — to withhold public information and is certainly not consistent with the public disclosure requirements which are at the heart of the Political Reform Act.

The **media director** needs to be advised of all press contacts and must be kept up-to-date on newsworthy agency actions as soon as possible. She can be reached directly by reporters and staff, and her direct line is listed as the contact number on all news releases and on the agency web site, [www.fppc.ca.gov](http://www.fppc.ca.gov). When she is not available, reporters are referred on her voicemail to an alternate staff member or to a receptionist. It is very important to respond to reporters' inquiries promptly and to be aware of the deadline pressures they face.

Since this is a public agency and any reporter with a little resourcefulness or access to a state phone directory can call staff directly, it is important not to "duck" their questions. You don't have to answer the questions immediately (we may need to research the questions and get back to them), but they absolutely must have a return call as soon as possible, preferably the same day.

Please notify the media director immediately of press calls, or refer them by phone, e-mail or voicemail, or, if it's a pressing matter, drop by her office. Most reporters who regularly cover the FPPC will note the press office number and call the media director first. She will answer the question, or — more likely — research the question with the appropriate staff member and/or agency documents and call the reporter back. Reporters often have routine questions that can be answered by referring them to the FPPC web site, which must be constantly updated and expanded.

Many reporters who are researching and writing stories on complex legal and/or technical subjects need additional information. The media director may ask Legal or Enforcement Division attorneys, Investigators, Political Reform Consultants or other staff members to talk with reporters directly about certain areas of the law, about available manuals and disclosure forms and other public information available through the agency. Pertinent advice letters, enforcement stipulations, fact sheets and other public documents — many of which are available on the web site — will also be provided to reporters.

As the sole full-time commissioner, the chairman is available to talk with reporters and editors if they request interviews or if a major policy matter is the subject of a reporter's inquiry. Other commissioners may also be available to talk with reporters by phone — or in person before or after monthly Commission meetings. All requests to interview the chairman or other commissioners should be directed to the media director.

**Investigations.** It has long been the policy of the FPPC not to discuss details of ongoing investigations — or even to confirm that an investigation is being conducted. This policy stems from the need to protect the integrity of an investigation, including the confidentiality of complainants, witnesses and individuals under investigation, as well as to ensure due process for those accused of violations of the Political Reform Act. There is the additional concern that discussion of ongoing investigations — even to confirm that one is in progress — would not only hinder those investigations, but deter individuals desiring confidentiality from filing complaints. Underlying this policy too is the recognition that frivolous or even false accusations are sometimes made by opposing groups or individuals in the heat of a political contest.

Reporters often obtain information about complaints or about ongoing investigations from other sources. If the person or persons who filed a formal complaint release it publicly, we can confirm whether or not we have received a complaint from that source, but no other information can be released. If they have not released it publicly, we cannot comment.

Sometimes, in the course of an investigation, legal documents are filed (including civil complaints and subpoena enforcement actions) which are part of the public record and available to the news media. At the point when a formal accusation is filed after preliminary investigation has been completed, the information contained in the accusation can be released.

Information about completed investigations is usually presented in the form of legal stipulations for Commission approval, which are included in public agenda materials released 10 days before the Commission's monthly meetings. Agendas are distributed and faxed to the news media, and agenda materials are available on the web site or through the fax-on-demand system (reporters must have the index number of the agenda item — noted on the agenda — to obtain that material through the fax-on-demand number at [1-888-622-1151](tel:1-888-622-1151); more detailed instructions are available on the web site). Reporters requesting information on closed investigations which did not result in Commission fines are advised to make a Public Records Act request for that information by letter, fax or e-mail to the media director, who will then forward that request to the appropriate staff member.

Confidentiality requirements affecting ongoing investigations do not preclude discussion of provisions of the Political Reform Act which may be pertinent to a case under investigation — so long as the specifics of that investigation are not discussed.

**News Releases and Advisories.** Attorneys and other staff members responsible for cases or issues which are of interest to the news media may be asked by the media director to provide information — including a draft press release — upon which to base a news release or news advisory.

Pertinent attorneys and staff members will also be asked to review releases for accuracy, as will their division chiefs. No news releases, articles, letters to the editor or other written communication to the news media representing the FPPC are to be released without the approval of the media director, the division chief, the chairman and in some cases other commissioners.

As much advance notice as possible is appreciated in drafting news releases on newsworthy cases or issues. We also may issue news advisories, which are similar to news releases but may be used to attach to documents or statements of interest to the news media. The media director will be listed as the contact person on all news releases and advisories. The attorney handling a particular case may be listed on the release or advisory, and it is essential that person be available to help answer reporters' questions after the release is provided to news media.

Staff should inform the media director of special interest shown in cases by local reporters. Every effort should be made to make certain that local reporters are informed of breaking news with localized interest. However, it is the policy of this office not to show favoritism and not to give individual news media "exclusives." That is not to say reporters working on investigative, long-term, feature and/or "enterprise" stories should not be assisted for fear of granting an "exclusive." Again, the media director should be notified of all contacts with reporters.

**Policy statements.** It should go without saying that major policy statements representing the chairman or the Commission should not be made without prior consultation. If an individual is asked to state the chairman's or commissioners' views or opinion — or the policy direction of the agency — such inquiries from reporters should be referred to the media director.

**On-the-spot interviews.** FPPC staff with specific expertise and knowledge in a given subject area who are approached by reporters during breaking news stories — during open legal proceedings, for example, or during a Commission meeting — should answer the questions accurately and fairly. In other words, don't duck the reporter. The media director should be notified of such contacts.

Stick to the facts of the case or issue under consideration and don't engage in speculation or offer personal opinions.

**News clippings.** News clippings from major general circulation newspapers — and smaller newspapers, via the clipping service — as well as other publications, are being circulated regularly to commissioners and executive staff, who are encouraged to circulate articles they think may be of interest to their staff.

**Problems with reporters.** If a staff member believes he or she has been misquoted, treated unethically or otherwise abused by reportorial discretion, please discuss such matters with the media director before taking any action. Generally it is advisable to discuss the matter with the reporter before going to his or her editor or news director, which is rarely a good policy in any case (the old adage, generally attributed to Mark Twain, not to get into arguments with folks “who buy ink by the barrel,” comes to mind). Apparent misquoting, or even a quote taken out of context, is frequently the result of editing, space considerations or technical glitches common to the news business. Before taking the reporter to task, it is wise to find out if he or she is responsible for the mistake — often they are not. Responsible reporters and editors strive for accuracy and will move to correct errors.

It may be wise simply to learn from the experience and let it be. In any case, check with the media director before taking any action.

# Appendix IV

## Fair Political Practices Commission

### What Happens After I File A Complaint With The FPPC?







## FAIR POLITICAL PRACTICES COMMISSION

### *What happens after I file a complaint with the FPPC?*

Facts you should know about the FPPC's enforcement process  
(Adapted from an FPPC pamphlet)

**The Enforcement Division** of the Fair Political Practices Commission investigates and prosecutes violations of California's Political Reform Act. These cases generally involve conflicts of interest, campaign contributions and expenditures and lobbying disclosure issues.

**Each year**, we receive and act upon hundreds of complaints filed by residents from all areas of the state. While the division has limited resources, we have a long-standing policy of responding to *each and every* written complaint that is properly submitted. Complaints may be made using either the form available on the Commission's Internet web site or by mail, using the letter format suggested on the web site, [www.fppc.ca.gov](http://www.fppc.ca.gov).

**As a general rule**, the identity of any person filing a complaint will not be disclosed to the public or the parties against whom the complaint was made.

#### *The FPPC has received my complaint. What now?*

Enforcement Division personnel open a file on the complaint, enter it into our computer database and complete an initial screening to determine if the matter is appropriate for further investigation. For example, a complaint alleging a violation of California's open meeting law may not fall under the jurisdiction of the FPPC and is closed at this point. Frequently, we base the initial review solely on the strength of the complaint and any supporting documents that are submitted. But we may also do further legal study, investigation and interviews at this stage.

The Enforcement Division sends a letter acknowledging receipt of each properly filed complaint, even one that is closed prior to a full investigation. Our letter is usually written within 14 days of receipt of the complaint. If we close your complaint without an investigation because it alleges violation of a law outside of our jurisdiction — such as the Public Records Act — our initial letter will explain the action.

#### *What happens when there is an investigation?*

A complaint found to merit a full investigation is assigned to a staff attorney and an investigator, an accounting specialist or both. We may obtain additional documents, interview witnesses, including the person alleged to have violated the act, and issue subpoenas.

### *What happens after an investigation?*

There are several possible outcomes once we have done a full investigation. FPPC Commissioners may be asked by staff to approve a settlement agreement in which the subject of the investigation agrees to pay an administrative fine or take other remedial action. The case may be closed for lack of supporting evidence or other reasons. Or, the case may enter a formal process that can result in an administrative prosecution by the Division and a hearing before an administrative law judge and possibly the full Commission. Finally, the Commission may levy fines, dismiss the case or take other appropriate action.

In some cases, the FPPC may prosecute a case by filing a civil lawsuit in the courts. We also may refer the case to a district attorney or the Attorney General for criminal prosecution.

### *Protecting the integrity of the process*

A complete investigation and resolution of a complaint may take months or — in rarer cases — years. To protect the integrity of the investigation and the due process rights of the accused, we do not provide status reports on active investigations to individuals who file complaints, the media or the general public. With limited exceptions, we will neither confirm nor deny the existence of any complaint until after the case is closed, a formal administrative accusation is issued, a civil complaint is filed, or a proposed settlement agreement is presented to the Commission.

We realize that some persons who file a complaint may become understandably frustrated at not knowing the progress of a case, particularly during lengthy investigations. But if you have filed a complaint and have not heard from us, the reason is we are still working on the case. All complaint filers will be informed in writing about the final outcome of the case — what the agency did and why it did it.

## Contacting the FPPC

### Filing a complaint

Anyone who suspects a violation of the Political Reform Act may file a written complaint with the FPPC. Prior to filing a written complaint, it may be advantageous to contact the Enforcement Division's "intake unit" at the toll free number 1-800-561-1861 to determine whether the FPPC has jurisdiction over the activity in question. The intake unit will not comment on whether any violation has actually occurred.

### Public Records Act

Once a case is closed, the individual who filed the complaint, or other member of the public, may request access to information in the case file by making a request to the FPPC under the Public Records Act.

Written requests under the Public Records Act for closed case information should be sent to the Enforcement Division by fax at 1-916-322-1932, or by regular mail addressed to the Fair Political Practices Commission, P.O. Box 807, 428 J Street, Sacramento, CA 95812. Copies of 10 pages or less are provided without charge. For documents in excess of 10 pages, the FPPC charges 10 cents per page. Alternatively, those seeking records may provide their own copying equipment and make the copies in the FPPC offices.

### Web site

The FPPC maintains an Internet web site, [www.fppc.ca.gov](http://www.fppc.ca.gov). The site contains information on the investigation process, past enforcement actions and other Commission matters.

### Toll-free number

The FPPC also maintains a toll free advice number **1-866-ASK-FPPC** (866-275-3772) for public officials and others seeking advice on how to comply with the Act.



# Appendix V

## Executive Summary to Final Report and Recommendations of the Bipartisan Commission on the Political Reform Act of 1974

*(Presented to the Fair Political Practices Commission on September 8, 2000)*





## LETTER FROM THE BIPARTISAN COMMISSION

DEAR GOVERNOR DAVIS, SECRETARY OF STATE JONES,  
MEMBERS OF THE LEGISLATURE, MEMBERS OF THE FRAN-  
CHISE TAX BOARD, AND THE CHAIRMAN AND MEM-  
BERS OF THE FAIR POLITICAL PRACTICES COMMISSION:

Nearly two years ago, as the 25th anniversary of California's Political Reform Act of 1974 was approaching, the Legislature and Governor Wilson agreed that a fundamental review of the Political Reform Act was in order. The result was the passage of SB1737 (McPherson) creating the 14-member Bipartisan Commission on the Political Reform Act of 1974.

Over the past 18 months the Bipartisan Commission has held fourteen public meetings—including Public Hearings held throughout California to solicit the public's input—in order to assess the present state of the Political Reform Act and how it might be improved. The Bipartisan Commission, with the assistance of the Institute of Governmental Studies, also conducted extensive research and empirical studies relating to the three principal areas of the Polit-

ical Reform Act—(i) campaign, lobby, and public official financial interest disclosure, (ii) conflicts of interest of public officials, and (iii) enforcement of the Act.

The work product of the Bipartisan Commission is embodied in this Report and the accompanying Appendices. An Executive Summary of the Report and the Commission's Recommendations is included. In summary, the Bipartisan Commission has concluded what may already be obvious to many people who deal with the Act on a regular basis: in its present state the Political Reform Act is overly complex and unduly burdensome for many persons who want to lawfully participate in the political system.

The extent of the current problem is such that there is a serious risk that the Act will substantially deter persons from participating in the political process due to: (i) a lack of understanding of how to comply with the Act, (ii) an inability or lack of

desire to incur the expenses necessary to comply with the Act, and (iii) a fear that—even with reasonable diligence—full compliance with the Act may be unattainable, therefore exposing the political participant to possible monetary liabilities. The Bipartisan Commission therefore proposes in this Report a series of Recommendations that it believes would simplify the Act, lessen the expense and burden of compliance, and make the enforcement of the Act more fair and reasonable.

It is for these reasons that the Bipartisan Commission urges the Governor, the Legislature, the Secretary of State, the Franchise Tax Board, and the Fair Political Practices Commission to seriously consider the Recommendations contained herein for possible adoption in furtherance of the purposes of the Political Reform Act.

Sincerely,

Steven S. Lucas, Chairman

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## COMMISSION MEMBERSHIP

Steven S. Lucas, Chairman

Dale Bonner

Kathy Bowler

Jesse Choper

Jack Crose

Ben Davidian

Dan Lowenstein

Lance Olson

Eileen Padberg

Jim Porter

Curt Pringle

Tony Quinn

Joe Remcho

Ted Weggeland



*\*A brief biography of each of the Commissioners is included in Chapter 2, pages 16-17.*

ACKNOWLEDGMENTS

**THE BIPARTISAN COMMISSION** would like to acknowledge the work of the many people who assisted the Commission. Thousands of hours of volunteer time were provided to the Bipartisan Commission by many people. Specifically, the Bipartisan Commission would like to thank the following persons and organizations for their generous assistance with the Commission’s work:

The Fair Political Practices Commission, including Chairman Karen Getman, Enforcement Division Chief Cy Rickards, Technical Assistance Division Chief Carla Wardlow, the FPPC Staff, former Chairman James Hall, former General Counsel Steve Churchwell, and former Enforcement Division Chief Darryl East.	tant Secretary of State Jeff Uyeda; former Chief, Management Services Division Bob Nishimoto; Deputy Division Chief, Political Reform Division, John Keplinger; Deborah Davis; Angela Ponciano; Lisa Kinetz; and Alfie Charles.	with the Los Angeles Area Public Meeting.
	Senator Bruce McPherson and staff assistant Rick Van Nieuwburg.	San Diego County Supervisor Ron Roberts and Deedee Castro, Director of Community Outreach and Policy Advisor for Supervisor Roberts, for hosting the San Diego Area Public Meeting.
The Secretary of State’s Office, including Secretary of State Bill Jones; Undersecretary of State Rob Lapsley; Chief Counsel Bill Wood; Division Chief, Political Reform Division, Caren Daniels-Meade; Assistant Secretary of State Vickie Glaser; Communications Director Beth Miller; Assis-	The San Francisco Ethics Commission, including Executive Director Virginia Vida, for help with the San Francisco Bay Area Public Meeting.	Tony Miller, who provided timely updates on the Commission’s activities to many interested persons.
	The Los Angeles Ethics Commission, including Executive Director Rebecca Avilla, for their help	Stephen Trout, staff of State Senator Ross Johnson, for finding meeting rooms for the Sacramento Public Meetings.



OVERVIEW

The Political Reform Act of 1974 (the “Political Reform Act” of the “Act”) was adopted by a vote of the People of California over a quarter century ago in order to, among other purposes: (i) provide for the full and truthful disclosure of receipts and expenditures in election campaigns, (ii) provide for the full and truthful disclosure of the assets and sources of income of public officials which may be materially affected by their official actions, and require decision-making disqualification where appropriate, and (iii) provide adequate enforcement mechanisms for both public prosecutors and private citizens in order that the Act would be vigorously enforced. (See Government Code Sections 81001, 81002.)

The Political Reform Act: Extensive and Far-Reaching

During the past 18 months, the Bipartisan Commission on the

Political Reform Act of 1974 (the “Bipartisan Commission” or the “Commission”) has conducted an in-depth study and analysis of these three principal areas of the Political Reform Act: (i) campaign, lobby, and public official financial interest disclosure, (ii) conflicts of interest of public officials, and (iii) enforcement of the Act.

There is no doubt but that the Political Reform Act provides for extensive disclosure of campaign and lobby finances and public officials’ financial interests, complex protections against conflicts

The Act’s provisions may be more extensive and far-reaching than those of any other state, as was certainly the case over 25 years ago when the Political Reform Act was adopted by the voters.

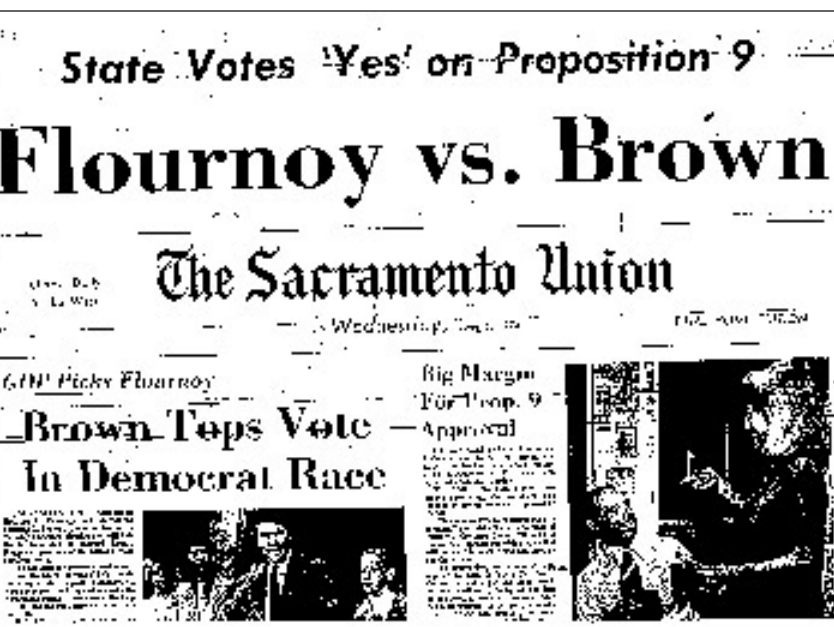
of interest with respect to public officials and those financial interests, and elaborate enforcement mechanisms for violations of these provisions. The Act’s provisions may be more extensive and far-reaching than those of any other state, as was certainly the case over 25 years ago when the Political Reform Act was adopted by the voters .

The Bipartisan Commission has studied the provisions of the Political Reform Act both as a matter of viewing the original provisions as they are applied and implemented over a quarter century later, but also as a matter of how the provisions and their implementation have changed, either by amendment or by regulatory change over the years. It is clear that the regulatory changes—the many Fair Political Practices Commission (“FPPC”) regulations that have been adopted and the FPPC advice letter interpretations that have been promulgated—account

for the lion’s share of the changes to the Political Reform Act and its implementation.

The Critical Need to Simplify and Bring Fairness to the Political Reform Act

Based upon its extensive research and analysis, the Bipartisan Commission finds that the Political Reform Act should be commended for its many and sub-



stantial accomplishments over the past quarter of a century, including principally its system of extensive disclosure of relevant information necessary to create an informed electorate and a fair political process.

Nonetheless, the Bipartisan Commission also finds:

- As may be obvious to many who deal with the Act, in its present state the Political Reform Act is overly complex and unduly burdensome to many persons who want to lawfully participate in the political system.
- The extent of the current problem is such that there is a serious risk that the Act may substantially deter persons from participating in the political process out of one or

a combination of the following factors: (i) a lack of understanding of how to comply with the Act, (ii) an inability or lack of desire to incur the expenses and/or other resources necessary to comply with the Act, (iii) a fear that—even with reasonable diligence—full compliance with the Act may be unattainable, therefore exposing the political participant to possible monetary liabilities.

- The Political Reform Act is in serious need of amendments that would simplify the Act and its implementation, lessen the expense and burden of complying with the Act, and make the enforcement of the Act more fair and reasonable to the many persons who

use reasonable diligence but nonetheless violate some of its provisions.

The Bipartisan Commission therefore proposes in this Report a series of Recommendations with respect to disclosure, conflicts of interest, and enforcement that it believes would, if adopted in full, provide for a more efficient, effective and fair implementation of the Political Reform Act—and the purposes that the Act serves. These Recommendations take the form of statutory, administrative, regulatory, procedural, and clarifying changes.

### **Simplification and Fairness as Only a First Step**

While the Bipartisan Commission believes the Recommendations discussed below are critically necessary to serve these purposes of simplification and fairness, the Commission also believes that this is only the critical first step of what should be an ongoing process.

The endless attempts to fill every conceivable loophole in the law, to require disclosure of every possible financial interest of a public official (no matter how convoluted), and to require disqualification from participation in governmental decisions in circumstances that are so confusing

that lawyers argue for months over the correct application of the law, have exacted a toll from the political process. The Act is largely viewed as a law of “strict liability”; that is, violations can be found no matter how reasonable the diligence of the person attempting to comply with the Act. Simplification and bringing even greater fairness to the Act are critically necessary steps to furthering the original purposes of the Political Reform Act.

Therefore, in addition to the implementation of the Recommendations contained in this Report, the Legislature and the FPPC should continue down the road of simplification and fairness, to create a system that is more readily understandable and better differentiates between the most egregious violators and the ordinary and reasonably diligent—but not perfect—political participant. In this regard, the Bipartisan Commission has compiled all of the hundreds of written and verbal proposals received from the public during its investigation, many of which might be helpful as a next step down this road to simplification and fairness. (See Appendix 5.)

RECOMMENDATIONS

Disclosure Under the Political Reform Act

Recognizing that disclosure is the cornerstone of the Political Reform Act, the Bipartisan Commission devoted substantial energies and resources to its investigation and analysis of this subject. The Commission quickly learned that—due to its complexity—disclosure may also be the Achilles’ heel of the Political Reform Act.

The Bipartisan Commission—through its Focus Groups, its Campaign Report Form Experiment, its Public Comment Hearings, and the work of the Commissioners—studied and analyzed the three primary areas of

regulated by the Act that they threaten the Act’s effectiveness.

As an example, evidence of this surfaced in the Bipartisan Commission’s Public Comment Hearings. At its first Public Hearing, a middle school math teacher (who is a volunteer PAC treasurer) took time off from her job and called in favors to have her children looked after so that she could travel over two hours to address the Bipartisan Commission. Her compelling testimony focused on her recurring anxiety over not knowing whether she is both completing her PAC disclosure forms correctly and filing them according to the

**The Political Reform Act is in serious need of amendments that would simplify the Act and its implementation, lessen the expense and burden of complying with the Act, and make the enforcement of the Act more fair and reasonable.**

disclosure found within the Political Reform Act: campaign disclosure, public official financial disclosure, and lobby disclosure.

Through its investigation, the Bipartisan Commission found a broad consensus that the complexities of the Political Reform Act in the area of disclosure so seriously burden those who are

proper schedule. Her stated fear: the possibility of enforcement action being taken against her for unknowing and unintentional violations of the Act that may occur despite her diligent attempts to comply with the Act—or as she jokes with friends, “who will take care of my kids when they lock me up?”

The Bipartisan Commission also found direct evidence of the complexity of the Act’s disclosure provisions in its Campaign Report Form Experiment (see Chapter 5B), wherein both experienced and inexperienced persons were asked to diligently prepare a campaign report using the instructions provided and were, without exception, unable to prepare the report accurately.

Because of the broad consensus of the need to dramatically simplify the disclosure requirements, the Bipartisan Commission proposes herein a series of Recommendations which would eliminate some of the complexity inherent in the existing disclosure rules.

The Commission recognizes that these Recommendations may result in some modest “loss of disclosure” of non-essential information. However, the Bipartisan Commission feels strongly that the gains resulting from the proposed simplification greatly outweigh any loss of disclosure of non-essential items. These gains include the lessening of the costs and other burdens of compliance, the creation of consistencies and simplified rules that further the users’ understanding and comfort level with the Act, and the reduc-

tion of some of the First Amendment intrusions that all political regulations entail.

The Bipartisan Commission therefore presents these Recommendations to provide for a more efficient and effective implementation of the Political Reform Act in order to carry out the original purposes of the Act as adopted by the voters of California over 25 years ago. The Bipartisan Commission believes that these reforms are necessary to ensure that the citizens of California are not unduly discouraged from participating in the political process due to confusing and unneeded regulatory requirements.

#### **A Threshold Issue: The Importance of the FPPC’s Education Efforts**

As a threshold matter, the Bipartisan Commission has addressed the need for the FPPC to increase its efforts to educate persons regulated by the Political Reform Act, including specifically those with complicated disclosure requirements under the Act. Without proper education, widespread compliance with the Act—including its many and complex disclosure provisions—cannot be expected.

### **RECOMMENDATION NO. 1** **Increase FPPC Education Efforts**

The Bipartisan Commission recognizes the critical importance of educating persons that have disclosure duties under the Political Reform Act, as well as other persons who are regulated by the Act, and that such educational activities should be a priority of the FPPC. The FPPC should have funds adequate to increase its educational programs for persons regulated under the Political Reform Act.

#### **The Need to Adjust Disclosure Thresholds to Account for Inflation**

The Bipartisan Commission also has identified numerous campaign and public official financial interest disclosure thresholds that are in need of adjustment to account for inflation. These disclosure thresholds have not been adjusted for many years, and in some instances, much longer. These thresholds should be adjusted immediately, as well as periodically thereafter in order to eliminate some of the burden of unnecessary reporting.

## **RECOMMENDATION NO. 2**

### **Raise Committee Qualification Threshold**

The Political Reform Act should be amended to increase the annual threshold for qualification as a recipient committee or independent expenditure committee from \$1,000 to \$5,000.

## **RECOMMENDATION NO. 3**

### **Raise Major Donor Qualification Threshold**

The annual threshold for qualification as a “Major Donor” committee should be raised from \$10,000 to \$100,000. After the Secretary of State fully implements electronic disclosure and creates a data base that permits adequate data searches based on contributors, the requirement for Major Donor committee disclosure should be eliminated.

## **RECOMMENDATION NO. 4**

### **Raise Receipt and Expenditure Reporting Threshold**

The thresholds for disclosing receipts and disbursements on campaign reports should be raised from \$100 to \$200.

## **RECOMMENDATION NO. 5**

### **Raise Financial Interest Disclosure Thresholds**

The thresholds for disclosure by public officials of certain financial information should be increased as follows:

- Interests in real property—\$2,000
- Investments—\$2,000
- Source of income—\$500
- Disclosure categories for investments or real property—\$2,000-\$10,000, \$10,000-\$100,000, \$100,000-\$1,000,000, over \$1,000,000
- Disclosure categories for sources of income—\$500-\$1,000, \$1,000-\$10,000, \$10,000-\$100,000, over \$100,000

## **RECOMMENDATION NO. 6**

### **Raise Disqualification Threshold**

The threshold for acceptance of contributions and disqualification under Government Code section 84308 should be raised from \$250 to \$500.

## **The Elimination of Burdensome and Unnecessary Disclosure Requirements**

The Bipartisan Commission has also identified several burdensome disclosure requirements that provide little or no meaningful disclosure. These unnecessary and costly filing requirements should be eliminated in their entirety.

## **RECOMMENDATION NO. 7**

### **Eliminate Unnecessary or Redundant Filings**

The threshold for filing supplemental independent expenditure reports should be raised from \$500 to \$1,000. In addition, the requirement to file a supplemental independent expenditure report should not be required where the filer already files a regular campaign disclosure report in the same jurisdiction.

## **RECOMMENDATION NO. 8**

### **Eliminate Unnecessary “Sub-Vendor” Reporting**

The requirement of reporting “sub-vendor” expenditures should be eliminated for (i) all sub-vendor expenditures to petition signature gatherers, (ii) all broadcast media sub-vendor expendi-

tures, and (iii) all expenditures to sub-vendors of under \$1,000. However, all broadcast media sub-vendor expenditures shall be coded generally by form or category of media (either broadcast television, cable television, radio, or internet) and total amount spent per category.

**RECOMMENDATION NO. 9**  
**Eliminate Unnecessary Travel Schedules**

The requirement should be eliminated that candidates must prepare a travel schedule reflecting their in-state travel paid for by their campaign committees.

**RECOMMENDATION NO. 10**  
**Eliminate Unnecessary Reports of “No Activity”**

Public officials should not be required to file campaign reports in the circumstances in which they do not maintain a political committee and have not received any campaign contributions or made any campaign expenditures.

**RECOMMENDATION NO. 11**  
**Eliminate Unnecessary Reporting of Irrelevant “Gifts”**

For purposes of public official financial interest disclosure, the Political Reform Act should be amended to exclude from the definition of “gift” sources not located in, doing business within, planning to do business within, or having done business within the jurisdiction of the public offi-

cial. In addition, and consistent with with federal gift rules, the term “gift” should be amended to expressly exclude food and beverages and incidental expenses provided at “widely attended events,” such as conventions, conferences, symposiums, forums, panel discussions, dinners, and receptions.

**Creation of a Simple and Understandable Filing Schedule**

The Bipartisan Commission believes that it is important that the campaign filing schedule should be simplified and streamlined in order to create a better understanding of this critical component of the Act and in order to create certainty for campaign filers as to when reports are due (as is the case already for lobby filers).

**RECOMMENDATION NO. 12**  
**Create Simple Quarterly Filing Schedule and Eliminate Other Special Reports That Are Not Well Understood**

The schedule for filing campaign disclosure reports should be reformed and simplified as follows. “General purpose committees” should be required only to file quarterly campaign reports (in addition to late contribution reports) and should not be required to file pre-election campaign reports. In addition, for all committees—including general

purpose committees, primarily formed committees, and Major Donor committees—the requirements to file “supplemental pre-election reports” and “odd-year quarterly reports” should be eliminated in their entirety.

**Place Burden of Notification on the Government**

The Bipartisan Commission feels strongly that if the government is going to impose a complicated disclosure system on those persons who are politically active, the government should assist in the compliance function by notifying filers both of their upcoming filing obligations and of any errors or omissions on the face of their campaign filings.

The Bipartisan Commission commends the Secretary of State’s office on its current efforts in this regard, and recommends that such efforts be continued and expanded.

**RECOMMENDATION NO. 13**  
**Notify Candidates and Committees of Filing Requirements**

The Secretary of State should be required to affirmatively notify registered state candidates and registered state recipient committees of their disclosure requirements on at least an annual basis.



**The quarter century crusade to make certain that not a single potential or even theoretical conflict of interest exists has created a level of complexity that is unreasonable and, more fundamentally, counterproductive.**

**RECOMMENDATION NO. 14**

**Notify Filers of Errors and Omissions on Reports**

The Secretary of State should be required to review all state candidate and state committee campaign reports upon filing and to notify filers of all omissions or errors observed on the face of the reports. The Secretary of State should have funds adequate for this purpose.

**Put Some Teeth in Rule Requiring Occupation/Employer Disclosure**

The Bipartisan Commission recognizes the importance of requiring recipient committees to disclose the occupation and employer information of their individual contributors. The Commission also recognizes that the fact that some committees substantially ignore this requirement is of great consternation both to the “users” of the reports as well as to the other committees who do substantially comply. This unfairness should be remedied.

**RECOMMENDATION NO. 15**

**Return Contributions if NoContributor Information**

Candidates and committees should be required to return contributions from individuals for whom occupation/employer

information is required to be reported if such information is not received within 60 days of receipt of the contribution.

**Conflicts of Interest Under the Act**

The Bipartisan Commission recognizes the importance of avoiding both the appearance and the actuality of conflicts of interest in governmental decision-making. However, a set of conflict of interest rules which is overly complex and not readily understandable can be a “cure that is worse than the disease.” If the rules of the game are too difficult or too complicated for the average citizen easily to understand them, that citizen may rationally choose not to volunteer his or her time to public service. Such complexity then runs counter to the important purpose of government to encourage public participation.

This unreasonable level of complexity is present in the Political Reform Act’s conflict of interest provisions. The quarter century crusade to make certain that not a single potential or even theoretical conflict of interest exists has created a level of complexity that is unreasonable and, more fundamentally, coun-

terproductive. The issues faced by those who must walk through the Political Reform Act’s minefield of conflict of interest statutes, regulations and advice letters are so difficult and unclear that some have simply chosen to leave public service (or to not enter public service in the first instance) rather than to risk violating laws they cannot understand and with which they cannot fully comply. The Bipartisan Commission believes these rules are in need of a massive overhaul which must—more than anything else—result in simplification.

The Bipartisan Commission’s study and analysis of the conflict of interest provisions, however, was substantially limited by two factors. First, the Bipartisan Commission recognized both that the FPPC is currently undergoing a far-ranging regulatory overhaul of the conflict of interest provisions of the Political Reform Act. The Bipartisan Commission applauds these much-needed efforts to which the Commission defers. Second, the Bipartisan Commission also recognized that given its own time constraints and given the perceived focus of the Commission’s enabling legislation on

issues of disclosure and enforcement, the Commission should devote a greater proportion of its time and efforts on the latter two areas.

The Bipartisan Commission nonetheless identified numerous reforms which it believes would—if implemented—make the conflict of interest provisions under the Act work more efficiently and effectively. The Bipartisan Commission believes that these reforms are necessary to ensure that the original purposes of the Political Reform Act are carried out without unduly discouraging citizens from participating in the political process due to confusing and unneeded regulatory requirements. The Bipartisan Commission believes that following the conclusion of the FPPC’s conflict of interest overhaul project, the Legislature or a body it appoints should take a serious look at the following Recommendations as a means to clarify and simplify this overly complex area of the law.

**Consolidation and Centralization of Conflict Rules**

The Bipartisan Commission believes that, for the sake of clarity and consistency in interpretation, the various state and local conflict of interest rules should

be consolidated and centralized under the authority of a single body, the FPPC.

**RECOMMENDATION NO. 16**  
**Consolidation of State Conflict Codes Under One Agency**

All state conflict of interest statutes should be consolidated into a single code or body of law to be interpreted and enforced consistently by a single state agency.

**RECOMMENDATION NO. 17**  
**Centralization of Local Conflict Rules Under the FPPC**

All local conflict of interest codes should be centralized and consolidated under the authority of a single state agency—the FPPC.

**RECOMMENDATION NO. 18**  
**Consolidation of Financial Interest Disqualification With Campaign Contribution Disqualification**

Legislation should be enacted to move Government Code Section 84308—concerning disqualification and campaign contributions—to Chapter 7 of the Political Reform Act where the other conflict of interest provisions are located.

**Clarify Conflict Rules and Eliminate Unnecessary Disqualification**

The Commission feels strongly that several of the conflict of interest provisions need clarification in order to make the rules more understandable and workable or to eliminate the unnecessary and too frequent disqualification of officials from participating in governmental decisions.

**RECOMMENDATION NO. 19**  
**Clarify Rule of “Reasonable Foresight”**

The element of conflict of interest analysis as to whether a financial effect is “reasonably foreseeable” needs to be clarified and made more workable.

**RECOMMENDATION NO. 20**  
**Provide Fairness and Eliminate Unnecessary Disqualification—Especially in Case of Landowner Public Officials**

The Political Reform Act’s “materiality” rule and “public generally” exception for conflict of interest analysis—particularly as they apply to landowner public officials who must vote on development or rent control related issues—should, after careful study and consideration, be amended to provide basic fairness and to eliminate unreasonable and unnecessary disqualification from participation in governmental decisions.



**RECOMMENDATION NO. 21**

**Eliminate Unnecessary Disqualification for Small Investment Interests**

After careful study and review, the Political Reform Act should be amended to apply the “public generally” exception to situations in which the public official owns less than one percent of a business entity.

**RECOMMENDATION NO. 22**

**Allow Public Officials to Vote Against Their Interests**

After careful study and review, the Political Reform Act should be amended to further simplify the “materiality” standard by eliminating the “negative effect”

**RECOMMENDATION NO. 23**

**Eliminate “Strict Liability” Concept of Conflict Rules**

After careful study and review, the Political Reform Act should be amended to expressly include a “standard of care” element or defense for public officials who make a reasonable and good faith effort to determine whether or not they may have a conflict of interest prior to participating in a governmental decision (thus moving away from a “strict liability” standard for conflict of interest cases).

ment Study, its Public Comment Hearings, and the work of the Commissioners—developed and drafted a Statement of General Enforcement Principles. The Statement emphasizes the importance of distinguishing between the minor and the most egregious violations of the Political Reform Act (as well as those occupying the “middle-ground”), and specifically calibrating both the enforcement resources and the fines applied to such violations to the perceived seriousness of the violation. (See Chapter 4C.)

**The Bipartisan Commission also recognized the need to move away from the current unfair “strict liability” concept of conflict of interest rules in favor of a rule that requires reasonable diligence.**

**Statement of General Enforcement Principles**

The Bipartisan Commission believes the FPPC should formally adopt a Statement of General Enforcement Principles which is consistent with the Statement set forth in this Report, and that this Statement should be regarded as a guide to structuring and managing the FPPC’s enforcement program as well as to disposing of particular cases.

rule that would find a conflict of interest even where the public official’s participation in a governmental decision is against his or her financial interests.

**Strict Liability Under the Act Is Inconsistent With Basic Fairness**

The Bipartisan Commission also recognized the need to move away from the current unfair “strict liability” concept of conflict of interest rules in favor of a rule that requires reasonable diligence.

**Enforcement of the Political Reform Act**

The Bipartisan Commission believes that strong and effective enforcement of the Political Reform Act requires that the prosecutorial agency conform its enforcement activities to sound and clearly defined enforcement principles.

In this regard, the Bipartisan Commission—making use of the information gleaned from its Focus Groups, its FPPC Enforce-

**RECOMMENDATION NO. 24**

**The FPPC Should Adopt and Apply a Statement of General Enforcement Principles Consistent With This Report**

The FPPC should formally adopt a Statement of General Enforcement Principles consistent with the views expressed in Chapter

4C. Legislation should be passed requiring the FPPC to report in writing to the Legislature each two years as to how the FPPC’s enforcement program is carrying out its Statement of General Enforcement Principles.

**Amend Act to Prevent Abuse of the Private Attorney General Provisions**

In addition to the Statement of General Enforcement Principles, the Bipartisan Commission also identified numerous reforms which it believes would, if implemented, make the enforcement of the Act work more efficient. The Bipartisan Commission believes that these reforms are necessary

Central among these reforms is the need to protect against the abuse of the very important private attorney general action provisions contained in the Political Reform Act.

**RECOMMENDATION NO. 25  
Private Attorney General Actions Should Be Limited to Serious Violations of the Act**

Private attorney general actions should be limited to serious violations as follows: As a necessary element for the plaintiff to prevail in any action brought by a person other than a civil prosecutor under Sections 91004 or 91005 of the Government Code, either of the following must be shown:

Central among these reforms is the need to protect against the abuse of the very important private attorney general action provisions contained in the Political Reform Act.

to ensure that the original purposes of the Political Reform Act are carried out without unduly discouraging citizens from participating in the political process.

- That the violation was intentional or that because of the political consequences or other circumstances the violation is sufficiently material to justify an action notwithstanding the decision of the civil prosecutor not to act; or

- In the case of a violation that is curable and whose harm to the public would be substantially avoided if cured, that the defendant in the action has been notified of the violation and has failed to cure it within a reasonable time.

**RECOMMENDATION NO. 26  
Attorneys Fees Should Be Awarded to Respondents Who Successfully Defend Against a Private Attorney General Action**

Judicial decisions creating asymmetry in the award of attorney’s fees between plaintiffs and defendants should be legislatively reversed as follows: Government Code Section 91012 should be amended to read as follows:

- The court may award to a plaintiff or defendant, other than an agency, who prevails in any action authorized by this title his costs of litigation, including reasonable attorney’s fees. On motion of any party, a court shall require a private plaintiff to post a bond in a reasonable amount at any stage of the litigation to guarantee payment of costs.
- Criteria used by courts for determining whether or not to award attorney’s fees and for determining the amount of attorney’s fees, under this sec-

tion and under Section 90003, shall not differentiate between cases in which the plaintiff or the defendant is the prevailing party.

**RECOMMENDATION NO. 27**

**Private Attorney General Actions Should Be Disallowed Where the FPPC is Pursuing the Violation**

The possibility of monetary penalties in a private attorney general action should be precluded if the FPPC notifies the complainant that it is investigating the matter and within one year the FPPC has either entered into a stipulation with the respondent or has entered an order of probable cause.

**RECOMMENDATION NO. 28**

**Private Attorney General Actions Should Be Precluded in Instances Wherein the FPPC Has Already Issued a Warning Letter**

Government Code Section 83116 should be amended so as to preclude the possibility of monetary penalties in a private attorney general action in instances in which the FPPC, acting as a Commission, has issued a warning letter to the respondent.

**RECOMMENDATION NO. 29**

**Formal Hearings Should Not Be Required in Order to Dispose of Matters**

Government Code Section 83116 should be amended to permit informal disposition of cases without a formal hearing.

**Limited Criminal Prosecution; Expanded Range of Monetary Penalties**

The Bipartisan Commission believes that, in the event that Proposition 208 is restated by the courts, criminal prosecution of violations of the Act by the FPPC should be the exception, and not the rule. The Commission also believes that the existing penalties for violations of the Act should be expanded to more accurately reflect a full range of misconduct and culpability which constitutes a violation.

**RECOMMENDATION NO. 30**

**The Primary Criminal Prosecutor Should Not be the FPPC**

In the event that Proposition 208 is reinstated by the courts, criminal prosecutions brought by the FPPC should be at the request of, or when referred by, the regular criminal prosecutors.

**RECOMMENDATION NO. 31**

**Fines Should Range from \$50-\$5,000 Depending on the Seriousness of the Violation**

The current maximum fine of \$2,000 that may be levied by the FPPC in administrative proceedings should be changed to \$50-5,000 per count, depending on the seriousness of the offense, with the understanding that excessive multiplication of counts must be avoided.

**Enhancement of Due Process**

The Bipartisan Commission identified several areas where additional due process rights need to be established in order to create an enforcement system that both is fair to the parties and is conducive to settlement.

**RECOMMENDATION NO. 32**

**Subjects of FPPC Complaints Should Be Promptly Notified and Given Opportunity to Respond**

The Political Reform Act should be amended to require that a subject of a formal or informal complaint filed with the FPPC shall be notified of the complaint by the FPPC within 14 days of receipt of the complaint by the FPPC unless the FPPC, in its discretion, determines that such notification would impede the specific investigation.

## RECOMMENDATION NO. 33

### **Respondents in Enforcement Proceedings Should Have an Opportunity to View the Evidence Against Them**

The Political Reform Act should be amended to provide that a respondent to an enforcement action, upon service of a Report in Support of Probable Cause, shall have an opportunity to inspect and copy evidence in the possession of the FPPC which is used to support the allegations contained in the probable cause report.

## RECOMMENDATION NO. 34

### **The Franchise Tax Board Should Not Issue Findings that are Inconsistent with FPPC Interpretation**

The Franchise Tax Board should not issue findings in campaign and lobby report audits that are in any way inconsistent with the FPPC's interpretation of the Political Reform Act.

### **Recruitment and Retention of Qualified FPPC Personnel**

Lastly, the Commission addressed the need for the FPPC to be able to recruit and retain qualified personnel—including enforcement attorneys and investigators—given the reality that the FPPC must compete with other state agencies for the best and the brightest employees.

## RECOMMENDATION NO. 35

### **Higher Level Positions Should be Created at the FPPC in Order to Recruit and Retain Qualified Personnel**

Higher level positions should be created for the FPPC's highest-level attorneys, including enforcement attorneys and investigators (which includes accounting specialists).

## BACKGROUND

### **Creation of the Bipartisan Commission**

As the Political Reform Act was approaching its 25 year anniversary, the Legislature—with Governor Pete Wilson's approval—created the Bipartisan Commission and empowered it to investigate and to assess the effects of the Act on: core political speech protected by the First Amendment; candidates for public office and campaign committees; voters; state and local officials; and public employees.

In accordance with the enabling legislation, SB1737 (McPherson), and following the receipt of public comment and the conclusion of its own research and analysis, the Bipartisan Commission was required to report its findings, conclusions and recommendations to the California Legislature no later than June 30, 2000. (See Appendix 2, 3.)

The 14 member Bipartisan Commission is comprised of 7 Democrats and 7 Republicans. The members include two former FPPC Chairmen, three former FPPC Commissioners, a former Assembly Speaker, a former Member of the Assembly, a political consultant, a retired lobbyist, the Executive Director of the California Democratic Party, the former Commissioner of the Department of Corporations, two attorneys who specialize in the Political Reform Act, and a Professor of Law. (See Chapter 2; see also Appendix 1.)

The Commissioners were appointed by various constitutional officers, legislative leaders and the Fair Political Practices Commission. Specifically, Governor Pete Wilson (R) appointed Steven S. Lucas (R) as Chairman of the Bipartisan Commission, and Jim Porter (D), Jesse Choper (D), and Dale Bonner (R) as Commissioners. Attorney General Bill Lockyer (D) appointed Kathy Bowler (D) and Eileen Padberg (R) to the Bipartisan Commission. And Secretary of State Bill Jones (R) appointed Tony Quinn (R) and Jack Crose (D) to the Bipartisan Commission.

Senate President Pro Tempore John Burton (D) appointed Lance Olson (D) to the Bipartisan

Commission. Then-Senate Minority Leader Ross Johnson (R) appointed Curt Pringle (R) to the Bipartisan Commission. Then-Assembly Speaker Antonio Villaraigosa (D) appointed Joe Remcho (D) to the Bipartisan Commission. And then-Assembly Minority Leader Rod Pacheco (R) appointed Ted Weggeland (R) to the Bipartisan Commission. Lastly, the FPPC appointed Daniel Lowenstein (D) and Ben Davidian (R) to the Bipartisan Commission.

#### **Work of the Bipartisan Commission: Public Hearings, Focus Groups, Empirical Studies**

To effectuate the statutory purposes of the Bipartisan Commission, the Commission conducted 14 public meetings soliciting public input and considering the issues raised in this Report and the matters studied by the Commission.

At some of the earliest meetings, the Bipartisan Commission solicited comments and input from the enforcers of the Political Reform Act (including representatives of the FPPC, representatives of the Secretary of State, and local prosecutors), from practitioners of the Act (including political attorneys and political

treasurers), and from campaign reform advocates. Among the later meetings held by the Bipartisan Commission were a series of Public Comment Hearings held throughout the state to solicit public testimony and written submission on all facets of the Political Reform Act, including:

- Campaign finance and disclosure at the state and local level.
- Lobby activity disclosure and other lobby requirements at the state level only.
- Conflict of interest and financial interest disclosure rules applicable to state and local public officials.
- Gift rules applicable to state and local public officials.

Notices and Invitations for Public Comment for the Public Hearings were sent to approximately 7,400 persons and organizations identified as possibly having an interest in the subject matter being considered by the Bipartisan Commission, and were posted on various web sites, including those of the FPPC and the Secretary of State. (See Chapter 3; see also Appendix 4.)

The Bipartisan Commission, working with the Institute of Governmental Studies (“IGS”) at the University of California at Berkeley, also conducted Focus Groups of persons regulated by

the Political Reform Act as well as “users” of the information required under the Act. Specifically, the Bipartisan Commission and IGS conducted Focus Groups of campaign treasurers, candidates, political journalists, and lawyer-practitioners in the area. (See Chapter 5A; see also Appendix 6.)

In addition, the Bipartisan Commission and IGS conducted detailed empirical studies relating to both enforcement and campaign disclosure issues. Specifically, the Bipartisan Commission and IGS (i) conducted a detailed Campaign Report Form Experiment pursuant to which volunteers (some experienced and some inexperienced) were required to complete hypothetical campaign reports which were then evaluated for compliance with the dictates of the Political Reform Act; and (ii) conducted an FPPC Enforcement Study relating to FPPC enforcement practices under the Act. (See Chapters 5B, 5C; see also Appendix 6.) The statute creating the Bipartisan Commission also dictated that the Commission review any ballot measures affecting the Political Reform Act. Because Proposition 208—as adopted by the voters in 1996—has been enjoined by the federal courts and is the sub-



ject of ongoing litigation, the Bipartisan Commission did not undertake a thorough review of its many complex provisions. For similar reasons the Bipartisan Commission did not undertake a detailed review of Proposition 25, which would have substantially amended the Political Reform Act but was rejected by the California voters in March 2000.

Lastly, the statute creating the Bipartisan Commission required that the Commission assess the impact of “independent expenditure committees.” The Bipartisan Commission is of the view that the significance of independent expenditure committees is largely dependent on the existence of campaign contribution

its—and the relationship between the limits and the independent expenditures and how both affect campaigns.

However, the statute creating the Bipartisan Commission expressly precludes the Bipartisan Commission from addressing contribution limits. Because of this limitation, the Bipartisan Commission is of the view that any detailed and meaningful study of independent expenditure committees would conflict with its statutory charter. The Bipartisan Commission nonetheless did address independent expenditure committees in other contexts, such as disclosure requirements,

in governmental decision-making, and (iii) enforcement of the Act.

After compiling all oral and written comments received from the public into 231 Proposed Recommendations for the Commission’s consideration, each of the Sub-Committees reviewed and considered the proposals relating to its specific subject matter. (See Appendix 5.) Following this review, the Sub-Committees each prepared a Report and specific Recommendations for consideration by the full Commission. The Bipartisan Commission reviewed the Sub-Committee Reports and voted on the proposed Recommendations put forward by each of the Sub-Committees in their three substantive areas.

In each of these three areas, the Bipartisan Commission has assessed whether statutory, administrative, regulatory, procedural, and/or clarifying changes would provide for a more efficient and effective implementation of the Political Reform Act. The Recommendations approved by the Bipartisan Commission are identified above. The Recommendations are also discussed in detail—together with the Commission’s Findings in support of the Recommendations based upon the Public Hearings, the Empirical Studies, and the Focus Groups—in Chapter 4 of the Report.

**In each of these three areas, the Bipartisan Commission has assessed whether statutory, administrative, regulatory, procedural, and/or clarifying changes would provide for a more efficient and effective implementation of the Political Reform Act.**

limits. More specifically, independent expenditure committees tend to be significant as a political tool most often when campaign contribution limits are in place. Because of this relationship, the Bipartisan Commission viewed any substantial investigation of independent expenditure committees to essentially require that the Commission also investigate campaign contribution lim-

**The Three Discreet Subject Areas: Disclosure, Conflicts of Interest, and Enforcement**  
In order to address discreet subject areas of the Political Reform Act in a detailed and organized manner, the Chairman appointed three Sub-Committees to consider and study: (i) campaign, lobby and public official financial disclosure, (ii) conflicts of interest



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